



YEAR-END REPORT
January-December 2023

 **TFBank**

PERIOD IN BRIEF

JANUARY – DECEMBER 2023

COMPARED TO JANUARY - DECEMBER 2022 (unless otherwise stated)

- The loan portfolio amounted to SEK 17,871 million, compared to December 2022 the increase in local currencies was 24 %
- Operating profit increased by 17 % to SEK 509.6 million, including restructuring costs of SEK 15.9 million during the third quarter
- Earnings per share increased by 15 % to SEK 17.53
- Cost/income ratio decreased to 41.6 % (43.1)
- Return on equity amounted to 21.9 % (23.7)
- Total capital ratio has increased to 15.9 % (15.6)

SIGNIFICANT EVENTS

JANUARY - DECEMBER 2023

- The credit card business had a loan book growth of 78 % and economies of scale in the business model contributed to the operating profit increasing significantly.
- At the beginning of October, the Nordic operations within the Ecommerce Solutions segment were transferred to the Bank's wholly owned subsidiary Avarda AB.
- In the end of the fourth quarter, the Bank launched deposit products in Spain, Ireland and the Netherlands.

OCTOBER – DECEMBER 2023

COMPARED TO OCTOBER - DECEMBER 2022 (unless otherwise stated)

- The loan portfolio amounted to SEK 17,871 million, compared to September 2023 the increase in local currencies was 6 %
- Operating profit increased by 21 % to SEK 138.6 million
- Earnings per share increased by 18 % to SEK 4.66
- Cost/income ratio decreased to 40.4 % (42.0)
- Return on equity amounted to 21.5% (22.8)

Our digital payment solutions in the Ecommerce Solutions segment had a successful quarter. In the Nordic region, our brand Avarda is gaining market share and the volumes during Black Week and Christmas shopping were at record levels.

LOAN PORTFOLIO ¹

31 DECEMBER 2023 COMPARED TO 31 DECEMBER 2022

SEK **17.9** BILLION **+24 %**

OPERATING PROFIT

JAN-DEC 2023 COMPARED TO JAN-DEC 2022

SEK **510** MILLION **+17 %**

TOTAL CAPITAL RATIO

31 DECEMBER 2023 COMPARED TO 31 DECEMBER 2022

15.9 % **+0.3** PERCENTAGE POINTS

RETURN ON EQUITY

JAN-DEC 2023 COMPARED TO JAN-DEC 2022

21.9 % **-1.8** PERCENTAGE POINTS

¹ Development of the loan portfolio in local currencies

See separate section with definitions and reconciliation tables, page 40-41.

THIS IS TF BANK

BACKGROUND

TF Bank was founded 1987 and is a digital bank offering consumer banking services and e-commerce solutions through a proprietary IT platform with a high degree of automation. Deposit and/or lending activities are conducted in Sweden, Finland, Norway, Denmark, Estonia, Latvia, Lithuania, Poland, Germany, Austria, Spain, Ireland and the Netherlands through subsidiary, branch or cross-border banking with the support of the Swedish banking license. The operations are divided into three segments: Consumer Lending, Credit Cards and Ecommerce Solutions. TF Bank is listed at Nasdaq Stockholm.

In the Consumer Lending segment, TF Bank offers unsecured consumer loans to creditworthy individuals. The product offering can differ between the various markets and is adjusted according to the specific conditions in each country. In the Credit Cards segment TF Bank offers credit cards to creditworthy individuals in Germany, Norway and Austria. In the Ecommerce Solutions segment, TF Bank offers digital payment solutions primarily within e-commerce to creditworthy individuals.

THE GROUP'S KEY FIGURES

| SEK thousand | Oct-Dec 2023 | Oct-Dec 2022 | Δ | Jan-Dec 2023 | Jan-Dec 2022 | Δ |
|--------------------------------------|--------------|--------------|-----|--------------|--------------|-----|
| Income statement | | | | | | |
| Operating income | 545,429 | 396,726 | 37% | 1,998,121 | 1,412,324 | 41% |
| Operating expenses | -220,587 | -166,778 | 32% | -831,671 | -609,027 | 37% |
| Net loan losses | -186,193 | -115,711 | 61% | -656,851 | -367,569 | 79% |
| Operating profit | 138,649 | 114,237 | 21% | 509,599 | 435,728 | 17% |
| Profit for the period | 107,667 | 89,396 | 20% | 396,700 | 342,459 | 16% |
| Earnings per share, SEK | 4.66 | 3.96 | 18% | 17.53 | 15.26 | 15% |
| Balance sheet | | | | | | |
| Loans to the public | 17,870,633 | 14,654,373 | 22% | 17,870,633 | 14,654,373 | 22% |
| Deposits from the public | 20,652,997 | 16,108,130 | 28% | 20,652,997 | 16,108,130 | 28% |
| New lending | 5,863,897 | 4,765,037 | 23% | 22,046,078 | 16,318,310 | 35% |
| Key figures | | | | | | |
| Operating income margin, % | 12.4 | 11.2 | | 12.3 | 11.1 | |
| Net loan loss ratio, % | 4.2 | 3.3 | | 4.0 | 2.9 | |
| Cost/Income ratio, % | 40.4 | 42.0 | | 41.6 | 43.1 | |
| Return on equity, % | 21.5 | 22.8 | | 21.9 | 23.7 | |
| Return on loans to the public, % | 2.3 | 2.4 | | 2.3 | 2.6 | |
| CET1 capital ratio, % ¹ | 12.0 | 12.3 | | 12.0 | 12.3 | |
| Tier 1 capital ratio, % ¹ | 13.6 | 13.9 | | 13.6 | 13.9 | |
| Total capital ratio, % ¹ | 15.9 | 15.6 | | 15.9 | 15.6 | |
| Employees (FTE) | 402 | 345 | 17% | 380 | 318 | 19% |

EXCHANGE RATES

| SEK | Oct-Dec 2023 | Oct-Dec 2022 | Jan-Dec 2023 | Jan-Dec 2022 |
|---|--------------|--------------|--------------|--------------|
| EUR Income statement (average) | 11.48 | 10.93 | 11.48 | 10.63 |
| EUR Balance sheet (end of reporting period) | 11.10 | 11.13 | 11.10 | 11.13 |
| NOK Income statement (average) | 0.98 | 1.05 | 1.01 | 1.05 |
| NOK Balance sheet (end of reporting period) | 0.99 | 1.06 | 0.99 | 1.06 |
| PLN Income statement (average) | 2.60 | 2.31 | 2.53 | 2.27 |
| PLN Balance sheet (end of reporting period) | 2.56 | 2.37 | 2.56 | 2.37 |

¹ Comparative figures for 2022 refers to the parent company TF Bank AB since the consolidated situation occurred in the fourth quarter of 2023.
See separate section with definitions and reconciliation tables, page 40-41.

CEO'S COMMENTS

The organic growth for the Bank's loan portfolio amounted to 6 % during the fourth quarter, followed by record volumes in the Ecommerce Solutions and Credit Cards segments. The Bank's operating profit increased by 21 % compared to the corresponding quarter 2022. In 2024, we plan to launch digital payment solutions in Germany and expand the credit card operations to Spain.

The growing credit card balance in Germany continues to be the main driver of our organic growth. At the end of the fourth quarter, the German loan portfolio amounted to SEK 4.8 billion, representing 27 % of the Bank's total loan portfolio. The profitability for Credit Cards has also improved significantly, with the segment's operating profit increasing by 109 % compared to the corresponding quarter 2022. During the quarter, we also developed our customer processes with new digital solutions that both improve conversion and strengthen security, which will be positive for the offer going forward. We also see opportunities to generate attractive risk-adjusted returns for credit cards in more countries over time, and in 2024 we are planning for a launch in Spain. However, as always when we launch new products, the volumes will initially be small until we feel confident with the credit quality.

Our digital payment solutions in the Ecommerce Solutions segment had a successful quarter. In the Nordic region, our Avarda brand is gaining market share and volumes during Black Week and Christmas shopping were at record levels. The profitability has also been defended during the quarter despite the challenging macroeconomic situation. The Bank's strong Nordic offering gains another unique selling point through a planned expansion into Germany in 2024. Being able to offer our Nordic partners services in the German market creates strong customer value that facilitates profitable expansion.

An increasing share of the Bank's overall operations is now conducted in the Credit Cards and Ecommerce Solutions segments, where the actual business flow is to a greater extent managed jointly across different countries. As we communicated in connection with the report for the third quarter, work has therefore been initiated to adapt the organisation. A first step was taken by establishing Avarda as a separate financial institution, and the next step will be to create synergies with the credit card operations when digital payment solutions are established in Germany.

In the Consumer Lending segment, new lending decreased during the fourth quarter, which is a deliberate decision priority to allocate capital to other segments. Operating profit for Consumer Lending was also impacted during the quarter by a negative one-off effect related to a terminated forward flow agreement of past due receivables. The terminated agreement has also affected the Bank's capital ratios by an increase in the proportion of past due receivables with a higher risk weight.

However, the lower new lending for consumer loans, together with a stronger Swedish krona, had a positive impact on the Bank's capital ratios during the quarter. This should be seen in the light of the regulatory framework for provisions on past due receivables, which will result in a significantly higher provisioning ratio in capital adequacy than in accounting. For our part, however, the potentially larger effects of the regulations are a few years ahead as a majority of our past due receivables have previously been sold to third parties. Going forward, we will both gradually strengthen capital ratios and work in parallel with various solutions that can mitigate the negative effects of the regulatory framework.

During the end of the quarter the Bank launched deposit products in Spain, Ireland, and the Netherlands, contributing to increased geographical diversification and more options to optimise our funding cost. Competition for depositors' money has increased during the year and we believe that this trend will continue. As a result, the deposit operations have received an increased focus, and our ambition is to further strengthen our offer in this area in the future.

Finally, a few words on the macroeconomic prospect. Developments in the financial markets in recent months indicate an increased confidence in the future, linked to the fact that inflation and interest rates are expected to decrease in 2024. At the same time, the geopolitical situation and its potential economic consequences are unpredictable. The macroeconomic picture is also not entirely similar between countries, and the somewhat gloomier economic forecasts for Sweden deviate somewhat from the general picture for Europe as a whole. In summary, we enter the new year with a clear direction, but as always, we are humble about the fact that conditions can change quickly.



Joakim Jansson
President and CEO

RESULTS AND FINANCIAL POSITION

GROUP

JANUARY - DECEMBER 2023

COMPARED TO JANUARY - DECEMBER 2022

Operating profit

Operating profit increased by 17 % to SEK 509.6 million (435.7) including restructuring costs of SEK 15.9 million during the third quarter. Higher operating income from the growing loan portfolio has contributed to the increasing operating profit. Earnings per share increased by 15 % to SEK 17.53 (15.26). Return on equity amounted to 21.9 % (23.7).

Operating income

The operating income has increased by 41 % to SEK 1,998 million (1,412). The increase is related to the growing loan portfolio and geographically it was primarily Germany that had higher operating income. The operating income comprises 91 % of net interest income and 9 % of net fee and commission income in the interim period. The operating income margin has increased compared to 2022 and amounted to 12.3 % (11.1).

Interest income

Interest income increased by 61 % to SEK 2,369 million (1,473) and is partly explained by increasing financing costs that have been transferred to the Bank's lending customers. Exchange rate effects have also had a positive impact on the interest income.

Interest expense

The interest expenses increased by 160 % to SEK 547.6 million (210.8). Increasing financing costs and growing deposit balances during the year have contributed to the higher interest expenses.

Net fee and commission income

Net fee and commission income increased by 18 % to SEK 176.9 million (149.5). The increase is mainly attributable to higher charges within the Ecommerce Solutions segment and rising transaction income as a result of increasing transaction volumes in both the Credit Cards and Ecommerce Solutions segments. During the year, 44 % of TF Bank's fee and commission income derived from charges and 56 % from insurance premiums and other commission income.

Operating expenses

The operating expenses increased by 37 % to SEK 831.7 million (609.0), including restructuring costs of SEK 15.9 million during the third quarter. The increase is mainly explained by higher sales-related expenses and more employees due to the increase in new lending. The C/I ratio decreased to 41.6 % (43.1) as a result of economies of scale in the Credit Cards segment.

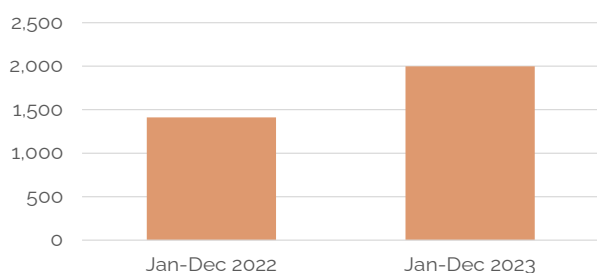
Loan losses

The loan losses increased by 79 % to SEK 656.9 million (367.6). The growing loan portfolio in the Credit Cards segment and higher loan losses in both the Consumer Lending and Ecommerce Solutions segment contributed to an increase in the net loan losses. The loan loss ratio amounted to 4.0 % (2.9).

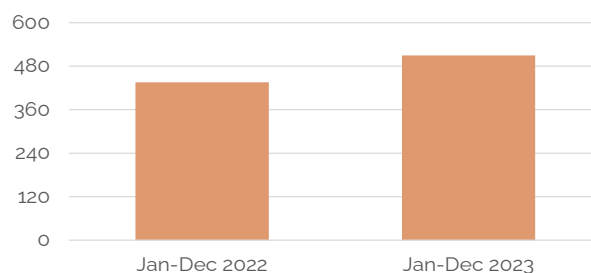
Tax expense

The tax expenses increased to SEK 112.9 million (93.3). The increase in the tax expenses is related to a higher operating profit.

OPERATING INCOME (SEK million)



OPERATING PROFIT (SEK million)



RESULTS AND FINANCIAL POSITION

GROUP

JANUARY - DECEMBER 2023

COMPARED TO 31 DECEMBER 2022 (unless otherwise stated)

Loans to the public

The loan portfolio amounted to SEK 17,871 million (14,654), an increase in local currencies of 24 % compared to December 2022. Negative currency effects impacted the loan portfolio growth by 2 %. New lending increased by 35 % to SEK 22,046 million (16,318) compared to 2022. The increase is affected by record volumes in both the Credit Cards and Ecommerce Solutions segments.

TF Bank's loan portfolio is well-diversified with relatively small exposures in several different geographic markets. At the end of the quarter, the exposure towards the three largest countries was Germany at 27 %, Norway at 23 % and Finland at 19 %. The main driver of the past year's loan book growth has been the German credit card business.

Deposits from the public

Deposits from the public amounted to SEK 20,653 million (16,108), an increase in local currencies of 29 % compared to December 2022. Negative currency effects have affected the deposit balance by 1 %. At the end of the year, deposits were geographically distributed between Germany at 93 % and in other countries 7 %. During the end of the fourth quarter, the Bank launched deposit products in Spain, Ireland and the Netherlands.

The increased deposit balance over the past year is attributable to Germany and relates to savings accounts with both fixed and variable interest rate. At the end of the year, accounts with a fixed term comprised of 40 % (32) of TF Bank's total deposits.

Cash and cash equivalents

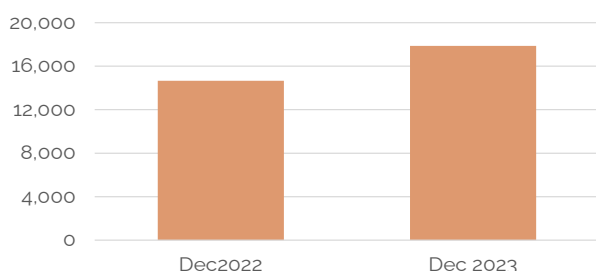
Cash and cash equivalents increased to SEK 5,744 million (3,528) during the year. The increase is primarily attributable to the cash flow from operating activities, which amounted to SEK 2,201 million. At the end of the year, the available liquidity reserve amounted to 25 % (20)¹ of deposits from the public.

Capital adequacy

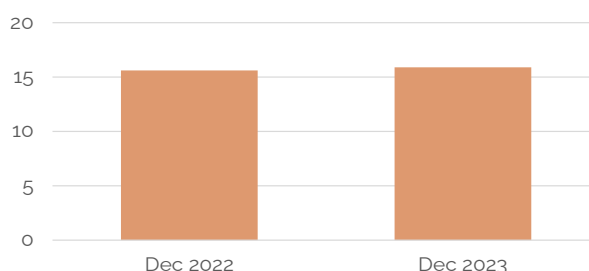
At the end of the year, the CET1 capital ratio amounted to 12.0 % (12.3), the Tier 1 capital ratio was 13.6 % (13.9), and the total capital ratio was 15.9 % (15.6). The capital ratios have been positively affected by the issuance of both the Tier 2 and Additional Tier 1 bonds of SEK 150 million, respectively. An early redemption of Additional Tier 1 bonds of SEK 100 million has, however, had a negative impact on the ratios.

TF Bank's regulatory CET1 capital requirement amounted to 8.8 % by the end of the year, the Tier 1 capital requirement to 10.5 % and the total capital requirement to 12.7 %.

LOANS TO THE PUBLIC (SEK million)



TOTAL CAPITAL RATIO (%)



¹ Excluding restricted cash and cash equivalents that are not available the next day.

RESULTS AND FINANCIAL POSITION

GROUP

OCTOBER - DECEMBER 2023

COMPARED TO OCTOBER - DECEMBER 2022 (unless otherwise stated)

Operating profit

Operating profit increased by 21 % to SEK 138.6 million (114.2). Higher operating income from the growing loan portfolio had a positive effect on the operating profit. Earnings per share increased by 18 % to SEK 4.66 (3.96). Return on equity amounted to 21.5 % (22.8).

Operating income

The operating income has increased by 37 % to SEK 545.4 million (396.7). The increase is explained by a growing loan portfolio that generates higher income in all segments. The operating income margin has increased compared to the fourth quarter of 2022 and amounted to 12.4 % (11.2). The operating income margin have been strengthened within the Credit Cards and Ecommerce Solutions segment compared to last the year.

Operating expenses

The operating expenses have increased by 32 % to SEK 220.6 million (166.8). The expenses are partly affected by high volumes in new lending resulting in higher sales-related costs. Despite of this, the C/I ratio decreased to 40.4 % (42.0).

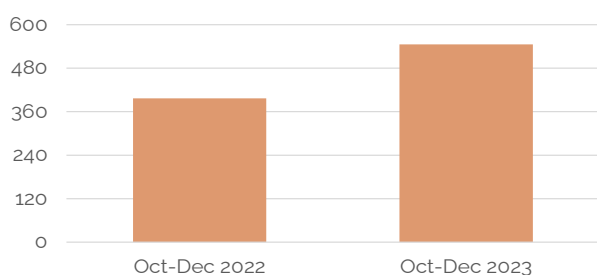
Loan losses

The loan losses increased by 61 % to SEK 186.2 million (115.7) and the loan loss ratio amounted to 4.2 % (3.3). The outcome in the quarter is among other things impacted by provisions for expected credit losses related to the record-high new lending within the Credit Card and the Ecommerce Solutions segment as well as higher loan loss levels within all segments.

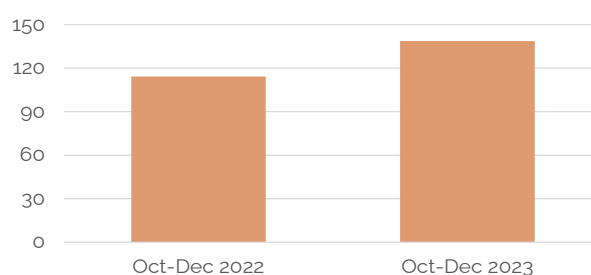
Loans to the public

The loan portfolio amounted to SEK 17,871 million (17,404), an increase in local currencies of 6 % compared to September 2023. Negative currency effects have affected the loan portfolio's growth by 3 %. The main driver in the quarter has been the growth for the German credit card portfolio. New lending increased by 23 % to SEK 5,864 million (4,765).

OPERATING INCOME (SEK million)



OPERATING PROFIT (SEK million)



CONSUMER LENDING

JANUARY - DECEMBER 2023

COMPARED TO JANUARY - DECEMBER 2022 (unless otherwise stated)

In the Consumer Lending segment, TF Bank offers unsecured consumer loans to creditworthy individuals. The product offering differs between the various markets and is adjusted according to the specific conditions in each country. At the end of the fourth quarter, the average loan amount per customer was approximately SEK 69 thousand.

The Nordic loan portfolio comprises 67 % of the segment. The Nordic markets for consumer loans are characterised by credit information that is easy to access, a high share of credit intermediaries, and a well-functioning system for collection of unpaid debts.

The loan portfolio outside of the Nordics accounts for 33 % of the segment, the majority is in the Baltics. The Baltic countries have fast-growing credit markets with several established Nordic companies operating locally. The Bank has chosen to pause new lending in Spain and Sweden during the second half of 2023.

The loan portfolio

The loan portfolio amounted to SEK 9,052 million (8,681), an increase in local currencies of 7 % compared to December 2022. Negative currency effects have had an impact on the loan portfolio's growth of another 3 %. New lending has decreased by 10 % to SEK 5,340 million (5,913) compared to 2022. The decrease is mainly explained by focus on other segments and less capital has been allocated to the segment.

The Nordic loan portfolio amounted to SEK 6,181 million (6,301), in local currencies it is an increase of 2 % compared to December 2022. The loan portfolio in Norway is largely unchanged at NOK 3,231 million

(3,243). The loan portfolio in Finland has increased by 2 % to EUR 206 million (202). The loan portfolio in Sweden has decreased by 5 % and amounted to SEK 539 million (567) at the end of the year. The loan portfolio in Denmark amounted to DKK 114 million (36).

The loan portfolio in the Baltics has increased by 18 % to EUR 238 million (202) over the past year. The growth has mainly been generated in Lithuania. The Polish loan portfolio decreased to PLN 27 million (37). The loan portfolio in Spain amounted to EUR 14 million (4).

Results

The operating profit decreased by 4 % to SEK 328,7 million (344.0). The operating costs have remained at a stable level, however, net loan losses have increased during the year.

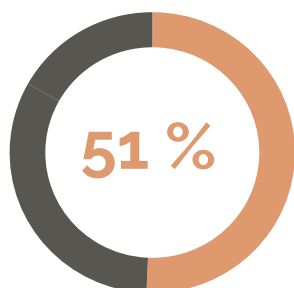
The operating income increased by 18 % to SEK 880.0 million (746.1) which is mainly related to a higher net interest income. The operating income margin has increased to 9.9 % (9.4). The rising financing costs have, to a large extent, been passed on to the customers during the interim period, which has had a positive effect on the operating income margin.

The operating expenses increased by 14 % to SEK 278.0 million (243.9), however the C/I ratio decreased to 31.6 % (32.7).

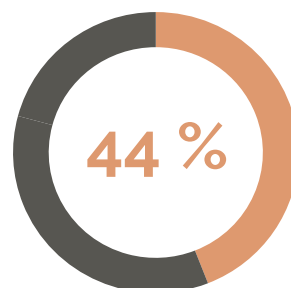
The loan losses increased by 73 % to SEK 273.3 million (158.2). The loan loss ratio increased to 3.1 % (2.0). The loan losses have increased in both the Baltics and the Nordics.

For further information about the loan portfolio and results of this segment, see Note 3 Operating segments.

SHARE OF THE BANK'S LOANS TO THE PUBLIC



SHARE OF THE BANK'S OPERATING INCOME



CREDIT CARDS

JANUARY - DECEMBER 2023

COMPARED TO JANUARY - DECEMBER 2022 (unless otherwise stated)

In the Credit Cards segment, TF Bank offers credit cards to creditworthy individuals in Germany, Norway and Austria. The business in Germany started in the end of 2018. At the offices in Berlin and Szczecin, employees are working with marketing and customer service. Services like risk analysis, finance and IT are provided by central functions within the Bank. In September 2020, a proprietary smartphone app was launched for German credit card customers and the credit card is compatible with both Google Pay and Apple Pay. By the end of the fourth quarter, the number of active German credit cards amounted to approximately 203,000.

The offering in Norway has been part of the Bank since 2015. By the end of the fourth quarter, the number of active Norwegian credit cards amounted to approximately 26,000. In the beginning of 2022 credit cards in Austria was launched with a similar offer as in Germany. By the end of the fourth quarter, the number of active credit cards in Austria amounted to approximately 12,000.

The loan portfolio

The loan portfolio amounted to SEK 5,808 million (3,264), an increase in local currencies of 80 % compared to December 2022. Negative currency effects impacted the loan portfolio growth by 2 %. The new lending has increased by 94 % to SEK 10,304 million (5,306). The increase is mainly related to the operations in Germany.

The loan portfolio in Germany has increased by 80 % to EUR 431 million (240) over the past year. The growth is mainly generated by an increased number of issued credit cards. Increased direct marketing in digital channels and a modified credit strategy have also had a positive effect on growth.

The loan portfolio in Norway has increased by 58 % to NOK 745 million (470) over the past year. The volumes have increased significantly due to a changed credit strategy which has resulted in a significant increase in the utilisation rate on the credit cards. The loan portfolio in Austria has increased by 186 % to EUR 26 million (9) over the past year.

Results

The operating profit has increased by 250 % to SEK 137.4 million (39.3). Higher income from the growing loan portfolio and economies of scale in the business model contributed to the considerable improvement in the profit.

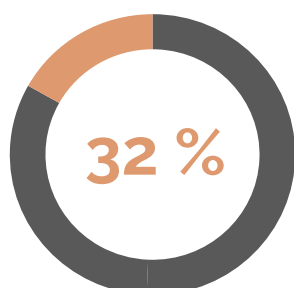
The operating income increased by 98 % to SEK 702.3 million (355.0). The increase is mainly related to the high growth in Germany. The operating income margin increased to 15.5 % (14.3), mainly due to higher financing costs that have been passed on to customers.

The operating expenses increased by 61 % to SEK 277.5 million (172.8) and the expenses were, among other things, affected by an increased direct marketing effort. However, the C/I ratio still decreased to 39.5 % (48.7) due to economies of scale in the business model.

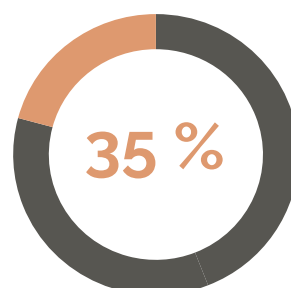
The loan losses increased by 101 % to SEK 287.4 million (142.9). The increase was primarily affected by provisions for expected credit losses related to the growing loan portfolio in Germany. The loan loss ratio amounted to 6.3 % (5.8).

For further information about the loan portfolio and results of this segment, see Note 3 Operating segments.

SHARE OF THE BANK'S LOANS TO THE PUBLIC



SHARE OF THE BANK'S OPERATING INCOME



ECOMMERCE SOLUTIONS

JANUARY - DECEMBER 2023

COMPARED TO JANUARY - DECEMBER 2022 (unless otherwise stated)

In the Ecommerce Solutions segment, TF Bank offers digital payment solutions primarily within e-commerce to creditworthy individuals. The digital payment solutions are available in the Nordic region by the subsidiary Avarda and in the Baltics as well as Poland by TF Bank AB. During autumn 2023 new lending in Poland has ceased. The Nordic loan portfolio comprises 82 % of the segment and the remaining markets comprises 18 % combined.

The Avarda brand continues to grow in the Nordic markets. During the past year, the position has been strengthened considerably and the business continues to win market shares. Through an attractive white label solution, the customer offer has a focus on supporting the retailers in their growth and ambition to build their own brands.

The loan portfolio

The loan portfolio amounted to SEK 3,011 million (2,710) an increase in local currencies of 11 % compared to December 2022. Negative currency effects impacted the loan portfolio growth marginally. New lending increased by 26 % to SEK 6,402 million (5,099). The increase is mainly related to an increased number of partners and expanded cooperation with existing retailers.

The loan portfolio in the Nordics increased by 25 % in local currencies compared to December 2022 and amounted to SEK 2,470 million (1,995). In Finland, the portfolio increased by 20 % to EUR 107 million (89) over the past year. The increase is explained by a continued growth for e-commerce and an inflow of several new partners. The Swedish loan portfolio

increased by 31 % to SEK 947 million (724) following strong sales development during the past year. In Norway the loan portfolio increased by 34 % to NOK 329 million (246). In Denmark, the loan portfolio decreased to DKK 5 million (10).

The loan portfolio in the Baltics decreased by 20 % to EUR 27 million (35) over the past year. The decrease is mainly explained by a lower inflow of new customers in Estonia. In Poland, the loan portfolio has decreased by 34 % to PLN 96 million (145).

Results

The operating profit increased by 13 % to SEK 59.5 million (52.4). The increase is mainly related to rising operating income in the Nordics.

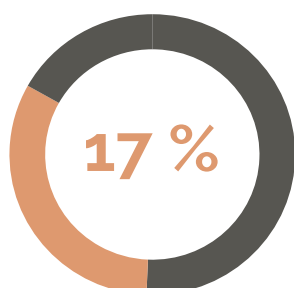
The operating income increased by 34 % to SEK 415.8 million (311.2). High growth of the loan portfolio and a significant increase in transaction volumes in several geographic markets have resulted in both higher interest income and increasing fee and commission income. The operating income margin increased to 14.5 % (13.0), mainly due to higher financing costs that have been passed on to customers.

The operating expenses increased by 35 % to SEK 260.2 million (192.3). This is explained by increased sales-related costs, more employees and increased investments in product development. The C/I ratio increased to 62.6 % (61.8).

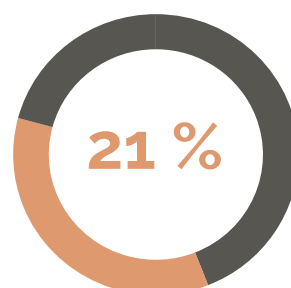
The loan losses increased by 45 % to SEK 96.1 million (66.4), partly explained by the growth over the past year. The loan loss ratio increased to 3.4 % (2.8).

For further information about the loan portfolio and results of this segment, see Note 3 Operating segments.

SHARE OF THE BANK'S LOANS TO THE PUBLIC



SHARE OF THE BANK'S OPERATING INCOME



OTHER INFORMATION

Annual General Meeting 2024

The 2024 Annual General Meeting will be held on Thursday 2 May 2024. Shareholders who want a matter listed in the notice to the Annual General Meeting must submit a request to the Board no later than Thursday 14 March 2024. The request must be sent by e-mail to ir@tfbank.se or by regular postal service to TF Bank AB, Attn: Investor Relations, Box 947, SE-501 10 Borås, Sweden. Notice of the Annual General Meeting will be published no later than Thursday 4 April 2024.

Proposed dividend

The Board of Directors proposes to the Annual General Meeting that no dividend will be paid for 2023.

The share

TF Bank was listed at Nasdaq Stockholm in the Mid Cap segment on 14 June 2016. The share trades under the ticker name TFBANK and the ISIN code is SE0007331608. At the end of 2023, the share price closed at SEK 170.40, a decrease of 4 % during 2023. In total, 1.9 million TF Bank shares worth approximately SEK 280 million were traded on Nasdaq Stockholm during 2023.

Institutions following TF Bank

ABG Sundal Collier, Carnegie, Nordea and DNB are following the company. All institutions had issued a buy recommendation for the TF Bank share at the end of the year.

Financial targets

The 17 October 2021 the Board of TF Bank has adopted the following financial targets:

Growth

TF Bank's aim is to achieve a loan portfolio of SEK 20 billion by first half of 2025.

Profitability

TF Bank's aim is to achieve a return on equity well above 20 %.

Capital structure

TF Bank's aim is that all capital ratios should exceed the regulatory requirement (including pillar 2 and buffer requirements) by at least 2.5 percentage points.

Dividend policy

TF Bank's dividend policy is to distribute surplus capital in relation to capital targets and the Bank's capital planning.

Significant events, January - December 2023

The Swedish Financial Supervisory Authority has given TF Bank permission to use the Alternative Standardised Approach to calculate the capital requirement for operational risk. The change results in the capital requirement for operational risk being significantly closer to the business' own perception of its operational risks.

TF Bank has issued Tier 2 bonds in the amount of SEK 150 million, Additional Tier 1 bonds in the amount of SEK 150 million and carried out an early redemption of Additional Tier 1 bonds of SEK 100 million.

On 3 May 2023, the Annual General Meeting resolved that the available standing funds were to be carried forward. John Brehmer was re-elected as Chairman of the Board while Arti Zeighami was newly elected as a member of the Board. Mari Thjømøe had declined re-election. Other Board members were re-elected at the meeting.

Joakim Jansson took seat as CEO May 15, 2023 and at the same time Rasmus Rolén took position as Head of Ecommerce Solutions.

The credit card business had a loan book growth of 78 % and economies of scale in the business model contributed to the operating profit increasing significantly.

In order to take advantage of future opportunities for expansion and make necessary adjustments to the current organisation, the Bank made a provision of SEK 15.9 million for restructuring costs as of 30 September.

At the beginning of October, the Nordic operations in the Ecommerce Solutions segment were transferred to the Bank's wholly owned subsidiary Avarda AB.

In the end of the fourth quarter, the Bank launched deposit products in Spain, Ireland and the Netherlands.

Presentation for investors, analysts, and media

A live conference call will be held on Friday 19 January 2024 at 08.15 CET, where CEO Joakim Jansson and CFO Mikael Meomuttel will present the interim report. It will be possible to ask questions after the presentation. The presentation material is written in English while the conference call will be held in Swedish.

To participate and ask questions call +46 (0)8 4468 2488 and enter the meeting code 854 9458 8030. For international investors, there is a possibility to ask questions in English during the Q&A session. A recording of the conference call and the presentation material will be available on the Bank's website, www.tfbankgroup.com.

OTHER INFORMATION

Risks and uncertainties

Different types of risks arise in the Group's business operations. The risks can be actualised in different ways within the business. The following main risk categories have been identified:

- Credit risks (including those attributable to the credit portfolio, credit-related concentration risks and counterparty risks)
- Market risks (interest rate, and currency exchange risks)
- Liquidity risks
- Operational risks (including process risks, IT and systemic risks and external risks)
- Other business risks (including business risks, cyclical risks and reputational risks)

The Bank estimates credit risks, liquidity risks and operational risks as the most significant risks. In order to limit and control risk-taking in the business, the Board, which is ultimately responsible for internal controls, has established policies and instructions for lending and other activities.

The banking operations are subject to extensive regulations concerning capital adequacy and liquidity requirements, which are primarily governed by the regulatory package that comprises Capital Requirements Directive (CRD) and Capital Requirements Regulation (CRR), which jointly implement the Basel agreement within the European Union (collectively known as the "Basel regulatory framework"). The Basel regulatory framework includes certain capital requirements that are intended to be adjustable over time and that are dependent on such factors as the presence of cyclical and structural systemic risks. The Bank must fulfil the specified capital and liquidity requirements and have capital and access to liquidity at all times. TF Bank monitors changes related to capital and liquidity requirements and takes these into consideration regarding the financial targets.

More information regarding the Bank's credit risks and capital adequacy can be found in Notes 2 and 9 and on page 42 in the interim report. For a more detailed description of financial risks and the use of financial instruments, as well as capital adequacy, see Notes 3 and 31 of the Annual report 2022.

Geopolitical and macroeconomic uncertainty

The Russian invasion of Ukraine has led to a sharp increase in geopolitical unrest and uncertainty in both the European and the global economy. At the same time, the financial market has shown great volatility with higher interest rates, a weakened Swedish krona and increased inflation during the past year. TF Bank has no exposures to Ukraine, Russia or Belarus. It cannot be ruled out that TF Bank's operations, new lending or credit losses may be negatively affected by the geopolitical uncertainty in the future.

Environment

TF Bank works actively to conduct a responsible business where the intention is to have as limited negative impact on the environment and people as possible. Environmental resources are used responsibly and carefully throughout the Bank's operations. TF Bank conducts operations in an environmentally sustainable manner by, for example, improving efficiency and investing in sustainable products and services. The business model is as digital and automated as possible, making the Bank accessible while limiting the environmental impact.

Accounting policies

The interim report has been prepared in accordance with International Accounting Standards (IAS) 34 Interim Financial Reporting. The Bank's financial statements have been prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), RFR 2 Accounting for Legal Entities issued by the Swedish Financial Reporting Board, and the Swedish Financial Supervisory Authority's regulations (FFFS 2008:25).

During the fourth quarter, the Bank has refined its model for calculating expected credit losses. The Group's calculation of expected credit losses also includes forward-looking macroeconomic information based on three different scenarios: a base scenario, a positive scenario, and a negative scenario. These scenarios are weighted into the model based on the Group's assessment of the probability of each scenario occurring. Input used comes from the European Central Bank's (ECB) forecasts and includes estimates of macroeconomic variables such as GDP, inflation, and unemployment. The base scenario is based on the ECB's "Staff projections" presented when new interest rate decisions are announced. The positive scenario assumes favourable outcomes within the confidence intervals of the ECB's "Staff projections," which, according to the Bank's assessment, would result in a 10 % reduction in provisions for expected credit losses. The negative scenario is based on the ECB's stress test of European banks and relies on a significant weakening of the macroeconomic development over a three year period. This scenario would lead to a 50 % increase in the Bank's expected credit losses. As of December 31, 2023, the weighting is 79 % for the base scenario, 20 % for the positive scenario, and 1 % for the negative scenario.

From the Year-end report 2023, the Bank presents consolidated financial statements due to the transfer of operations within the Ecommerce Solutions Nordics segment to its wholly owned subsidiary, Avarda. Otherwise, the Bank's accounting principles, valuation methods, and presentation remain substantially unchanged compared to the 2022 annual report. The interim information on pages 3-42 is an integral part of this financial report.

LOAN PORTFOLIO PERFORMANCE IN 2021-2023 (SEK MILLION)



FINANCIAL INFORMATION



INCOME STATEMENT - CONSOLIDATED

| SEK thousand | Note | Oct-dec 2023 | Oct-Dec 2022 | Jan-Dec 2023 | Jan-Dec 2022 |
|---|------|-----------------|-----------------|------------------|------------------|
| | 3 | | | | |
| Operating income | | | | | |
| Interest income | | 689,620 | 429,806 | 2,368,918 | 1,472,979 |
| Interest expense | | -189,307 | -74,966 | -547,605 | -210,795 |
| Net interest income | | 500,313 | 354,840 | 1,821,313 | 1,262,184 |
| Fee and commission income | | 78,496 | 57,116 | 280,246 | 204,316 |
| Fee and commission expense | | -33,772 | -14,088 | -103,335 | -54,859 |
| Net fee and commission income | | 44,724 | 43,028 | 176,911 | 149,457 |
| Net results from financial transactions | | 392 | -1,142 | -103 | 683 |
| Total operating income | | 545,429 | 396,726 | 1,998,121 | 1,412,324 |
| Operating expenses | | | | | |
| General administrative expenses | | -195,205 | -143,294 | -706,846 | -504,033 |
| Depreciation and amortisation of tangible and intangible assets | | -16,517 | -9,859 | -60,466 | -37,398 |
| Other operating expenses | | -8,865 | -13,625 | -64,359 | -67,596 |
| Total operating expenses | | -220,587 | -166,778 | -831,671 | -609,027 |
| Profit before loan losses | | 324,842 | 229,948 | 1,166,450 | 803,297 |
| Net loan losses | 4 | -186,193 | -115,711 | -656,851 | -367,569 |
| Operating profit | | 138,649 | 114,237 | 509,599 | 435,728 |
| Income tax for the period | | -30,982 | -24,841 | -112,899 | -93,269 |
| Profit for the period | | 107,667 | 89,396 | 396,700 | 342,459 |
| Attributable to: | | | | | |
| Shareholders of the Parent Company | | 100,164 | 85,222 | 376,853 | 328,099 |
| Additional tier 1 capital holders | | 7,503 | 4,174 | 19,847 | 14,360 |
| Basic earnings per share (SEK) | | 4.66 | 3.96 | 17.53 | 15.26 |
| Diluted earnings per share (SEK) | | 4.66 | 3.96 | 17.53 | 15.26 |

STATEMENT OF OTHER COMPREHENSIVE INCOME - CONSOLIDATED

| SEK thousand | Oct-Dec 2023 | Oct-Dec 2022 | Jan-Dec 2023 | Jan-Dec 2022 |
|--|----------------|---------------|----------------|----------------|
| Profit for the period | 107,667 | 89,396 | 396,700 | 342,459 |
| Other comprehensive income | | | | |
| Items that may subsequently be reclassified to the income statement | | | | |
| Gross exchange rate differences | -767 | -260 | -1,358 | -338 |
| Tax on exchange rate differences in the period | 188 | 60 | 260 | 100 |
| Other comprehensive income for the period | -579 | -200 | -1,098 | -238 |
| Total comprehensive income for the period | 107,088 | 89,196 | 395,602 | 342,221 |
| Attributable to: | | | | |
| Shareholders of the Parent Company | 99,585 | 85,022 | 375,755 | 327,861 |
| Additional tier 1 capital holders | 7,503 | 4,174 | 19,847 | 14,360 |

BALANCE SHEET - CONSOLIDATED

| SEK thousand | Note | 31 Dec 2023 | 31 Dec 2022 |
|--|-------|-------------------|-------------------|
| | 2,5,6 | | |
| ASSETS | | | |
| Cash and balances with central banks | | 18,916 | 57,686 |
| Treasury bills eligible for refinancing | | 3,635,697 | 1,837,025 |
| Loans to credit institutions | | 2,089,504 | 1,633,657 |
| Loans to the public | 3,7 | 17,870,633 | 14,654,373 |
| Shares | | 144 | 154 |
| Goodwill | | 12,753 | 12,753 |
| Intangible assets | | 93,088 | 86,780 |
| Tangible assets | | 60,015 | 27,620 |
| Other assets | | 52,105 | 28,189 |
| Aktuell skattefordran | | 1,818 | - |
| Deferred tax assets | | 54,277 | 2,943 |
| Prepaid expenses and accrued income | | 57,808 | 35,277 |
| TOTAL ASSETS | | 23,946,758 | 18,376,457 |
| LIABILITIES AND EQUITY | | | |
| Liabilities | | | |
| Deposits and borrowings from the public | 8 | 20,652,997 | 16,108,130 |
| Other liabilities | | 421,487 | 148,764 |
| Current tax liabilities | | 97,325 | 36,801 |
| Accrued expenses and prepaid income | | 255,968 | 145,487 |
| Deferred tax liabilities | | - | 15 |
| Provisions | | 11,158 | - |
| Subordinated liabilities | 11 | 346,909 | 198,660 |
| Total liabilities | | 21,785,844 | 16,637,857 |
| Equity | | | |
| Restricted equity | | | |
| Share capital | | 107,500 | 107,500 |
| Total restricted equity | | 107,500 | 107,500 |
| Non-restricted equity | | | |
| Net investment hedges | | -24,893 | -60,078 |
| Foreign currency reserve | | 26,865 | 63,148 |
| Retained earnings including the profit for the period | | 1,801,442 | 1,428,030 |
| Total non-restricted equity | | 1,803,414 | 1,431,100 |
| Total equity attributable to the shareholders of the Parent Company | | 1,910,914 | 1,538,600 |
| Tier 1 capital instrument | | 250,000 | 200,000 |
| Total equity attributable to the owners of the Parent Company | | 2,160,914 | 1,738,600 |
| TOTAL LIABILITIES AND EQUITY | | 23,946,758 | 18,376,457 |

STATEMENT OF CHANGES IN EQUITY - CONSOLIDATED

| TSEK | Restricted equity | Non-restricted equity | | | | Total equity |
|---|----------------------------|-----------------------|--------------------------|--|--|------------------|
| | Share capital ¹ | Net investment hedges | Foreign currency reserve | Retained earnings including the year's results | Tier 1 capital instrument ² | |
| Equity as at 1 Jan 2022 | 107,500 | -2,161 | 5,470 | 1,121,925 | 200,000 | 1,432,734 |
| Profit for the year | - | - | - | 342,459 | - | 342,459 |
| Other comprehensive income for the year | - | -57,917 | 57,678 | - | - | -239 |
| <i>Total comprehensive income for the year</i> | - | -57,917 | 57,678 | 342,459 | - | 342,220 |
| <i>Transactions with owners of the Parent company</i> | | | | | | |
| <i>Contributions from and value transfers to owners of the Parent company</i> | | | | | | |
| Dividend to shareholders | - | - | - | -21,500 | - | -21,500 |
| Transaction costs, issue of Tier 1 capital | - | - | - | -622 | - | -622 |
| Tax effect, transaction costs issue of Tier 1 capital | - | - | - | 128 | - | 128 |
| Interest Tier 1 capital | - | - | - | -14,360 | - | -14,360 |
| <i>Total contributions from and value transfers to owners of the Parent company</i> | - | - | - | -36,354 | - | -36,354 |
| Equity as at 31 Dec 2022 | 107,500 | -60,078 | 63,148 | 1,428,030 | 200,000 | 1,738,600 |
| Equity as at 1 Jan 2023 | 107,500 | -60,078 | 63,148 | 1,428,030 | 200,000 | 1,738,600 |
| <i>Adjustments due previous year</i> | - | - | - | -921 | - | -921 |
| Profit for the year | - | - | - | 396,700 | - | 396,700 |
| Other comprehensive income for the year | - | 35,185 | -36,283 | - | - | -1,098 |
| <i>Total comprehensive income for the year</i> | - | 35,185 | -36,283 | 396,700 | - | 395,602 |
| <i>Transactions with owners of the Parent company</i> | | | | | | |
| <i>Contributions from and value transfers to owners of the Parent company</i> | | | | | | |
| Redemption of Tier 1 capital | - | - | - | - | -100,000 | -100,000 |
| Issue of Tier 1 capital | - | - | - | - | 150,000 | 150,000 |
| Transaction costs, issue of Tier 1 capital | - | - | - | -3,138 | - | -3,138 |
| Tax effect, transaction costs issue of Tier 1 capital | - | - | - | 618 | - | 618 |
| Interest Tier 1 capital | - | - | - | -19,847 | - | -19,847 |
| <i>Total contributions from and value transfers to owners of the Parent company</i> | - | - | - | -22,367 | 50,000 | 27,633 |
| Equity as at 31 Dec 2023 | 107,500 | -24,893 | 26,865 | 1,801,442 | 250,000 | 2,160,914 |

¹ Share capital comprises of 21 500 000 shares of SEK 5 each.

² Perpetual bonds, SEK 100 million with interest terms STIBOR +6.25% and first possible redemption 1 December 2026 and 150 SEK million with interest terms STIBOR +8.75% and first possible redemption 6 September 2028.

CASH FLOW STATEMENT - CONSOLIDATED

| SEK thousand | Jan-Dec 2023 | Jan-Dec 2022 |
|---|------------------|------------------|
| Operating activities | | |
| Operating profit | 509,599 | 435,728 |
| <i>Adjustment for items not included in cash flow</i> | | |
| Depreciation and amortisation of tangible and intangible assets | 60,466 | 37,398 |
| Accrued interest income and expense | 90,153 | 5,083 |
| Other non-cash items | 315 | 281 |
| Paid income tax | -53,933 | -93,272 |
| | 606,600 | 385,218 |
| Increase/decrease in loans to the public | -3,216,260 | -3,782,088 |
| Increase/decrease in other short-term receivables | -45,036 | -197,117 |
| Increase/decrease in deposits and borrowings from the public | 4,544,867 | 4,603,381 |
| Increase/decrease in other short-term liabilities | 311,144 | 50,862 |
| Cash flow from operating activities | 2,201,315 | 1,060,256 |
| Investing activities | | |
| Investments in tangible assets | -54,113 | -3,231 |
| Investments in intangible assets | -37,399 | -45,004 |
| Paid interest on lease debt | -1,347 | -175 |
| Amortisation of lease debt | -14,938 | -8,120 |
| Cash flow from investing activities | -107,797 | -56,530 |
| Financing activities | | |
| Issue of Tier 1 capital | 150,000 | - |
| Issue of Tier 2 capital | -100,000 | - |
| Redemption of Tier 1 capital | 150,000 | -494 |
| Interest on Tier 1 capital | -19,847 | -14,360 |
| Transaction costs, issue of Tier 1 capital | -3,138 | - |
| Tax effect, transaction costs issue of Tier 1 capital | 618 | - |
| Dividend to shareholders | - | -21,500 |
| Cash flow from financing activities | 177,633 | -36,354 |
| Cash flow for the period | 2,271,151 | 967,372 |
| Cash and cash equivalents at the beginning of period | 3,528,368 | 2,367,295 |
| Exchange rate difference in cash and cash equivalents | -55,402 | 193,701 |
| Cash and cash equivalents at the end of period | 5,744,117 | 3,528,368 |
| <i>Cash flow from operating activities includes interest expenses paid and interest payments received</i> | | |
| Interest expenses paid | 460,225 | 209,144 |
| Interest payments received | 2,214,814 | 1,281,280 |
| Components of cash and cash equivalents | | |
| Cash and balances with central banks | 18,916 | 57,686 |
| Treasury bills eligible for refinancing | 3,635,697 | 1,837,025 |
| Loans to credit institutions | 2,089,504 | 1,633,657 |
| Total cash and cash equivalents | 5,744,117 | 3,528,368 |

NOTES

NOTE 1 General information

TF Bank AB, org.nr. 556158-1041, is a bank limited company with its registered office in Borås, Sweden, which has a license to conduct banking operations. The Bank conducts deposit and/or lending activities to private individuals in Sweden, Finland, Norway, Denmark, Estonia, Latvia, Lithuania, Poland, Germany, Austria, Spain, Ireland and the Netherlands by subsidiary, branch or cross-border banking with the support of the Swedish banking license.

During the fourth quarter of 2023, the Nordic operations in the Ecommerce Solutions segment were transferred to TF Bank's wholly owned subsidiary Avarda AB, which means that consolidated financial statements are presented as the Bank's subsidiaries no longer constitute an insignificant part of the Group's earnings and position.

COMPANY STRUCTURE

| Company | Reg.nr |
|----------------------------|--------------|
| Parent Company | |
| TF Bank AB | 556158-1041 |
| Branches | |
| TF Bank AB, branch Finland | 2594352-3 |
| TF Bank AB, branch Poland | PL9571076774 |
| TF Bank AB, branch Estonia | 14304235 |
| TF Bank AB, branch Norway | 923 194 592 |
| TF Bank AB, branch Latvia | 50203334311 |
| Subsidiaries | |
| Avarda AB | 559310-4967 |
| Avarda AB, branch Finland | 3362665-9 |
| Avarda AS | 931 481 169 |
| TFB Service UAB | 304785170 |
| TFB Service GmbH | HRB 208869 B |
| TFBN Services S.L. | B10781789 |

OWNERSHIP OF TF BANK AB AS AT 31 DECEMBER 2023

| Shareholder | % |
|-------------------------------|---------------|
| TFB Holding AB | 30.31 |
| Tiberon AB | 15.07 |
| Erik Selin Fastigheter AB | 12.58 |
| Proventus Aktiebolag | 5.16 |
| Nordnet Pensionsförsäkring AB | 4.94 |
| Jack Weil | 4.29 |
| Goldman Sachs International | 2.49 |
| Carnegie Micro Cap | 1.80 |
| Skandia Småbolag Sverige | 1.23 |
| Carnegie Småbolagsfond | 1.21 |
| Other shareholders | 20.92 |
| Total | 100.00 |

Source: Euroclear

All subsidiaries are 100% owned.

The term "Bank/Group" refers to TF Bank AB together with its branches and subsidiaries.

NOTE 2 Credit risk

Financial risks

TF Bank's activities are exposed to a variety of financial risks: credit risk, market risk (extensive currency risk and interest rate risk) and liquidity risk, but also operational risk and other operating risks such as business risks, economic risks, and reputational risks. TF Bank has designed an operating structure to ensure good risk management. The overall risk policy constitutes the Board of Directors and the management's fundamental policy documents regarding risk management which aims to minimise any potential adverse effects on the Bank's financial results. The Board establishes written policies with regards to both the overall risk management and for the specific areas.

Credit risk is the risk that a counterparty causes the Bank a financial loss by not fulfilling its contractual obligations. The area includes credit risks attributable to the loan portfolio, credit-related concentration risks and counterparty risks. Credit risk arises primarily through lending to the public and is the most significant risk in the Bank. Credit risks may even arise through placement of liquidity and derivative instruments. Credit risk is monitored closely by the relevant functions and by the Board of Directors, which has the ultimate responsibility for managing credit risk. The Board of Directors has issued a credit policy which establishes the framework for the Bank's lending activities. A credit committee monitors the development of the level of credit risk in the loan portfolios on a continuous basis. It decides on, and implements, changes to the Bank's lending within the framework of the established credit policy and also proposes amendments to the policy to the Board of Directors. A report on performance is provided at every ordinary board meeting.

The Bank's credit approval process maintains high standards regarding ethics, quality and control. Despite credit risk being the largest risk exposure for the Bank, the provision for loan losses is small in proportion to the outstanding loan volume (see Note 7). This is due to that the Bank regularly sells past due receivables to debt collection agencies in markets where the Board of Directors considers the price level to be favourable for the Bank's performance and risk profile. Sales of overdue receivables take place monthly to various counterparties in the respective geographic markets where the Bank is operational. As a result, TF Bank continuously realises expected loan losses through the sale of past due receivables. The current portfolio has a limited number of non-performing loans in stage 3 and consequently a relatively low level of provisions. The Bank's loans to the public consist primarily of unsecured consumer loans. As a result, TF Bank does not list credit risk exposures in a separate table as there are limited assets pledged as security.

Credit risk may even arise through placement of liquidity and derivative instruments with a positive value. By setting limits for the maximum exposure to each counterparty, the credit risk of liquidity placement becomes limited. According to the Bank's financial policy, the maximum amount of Tier 1 capital that may be placed with the Bank's permitted counterparties is 25 %, with the exception of institutions for which the permitted amount is 85 % of Tier 1 capital. Treasury bills, government bonds and balances with central banks, as well as exposure to subsidiaries, are exempted from both limits.

NOTE 3 Operating segments

The CEO has ultimate responsibility for the decisions taken by the Bank. Management has defined the operating segments based on the information determined by the CEO and used as a basis for decisions on the allocation of resources and evaluation of results. Management evaluates the operating segments' performance based on operating profit.

CONSUMER LENDING

| Income statement, SEK thousand | Oct-Dec 2023 | Oct-Dec 2022 | Jan-Dec 2023 | Jan-Dec 2022 |
|---|----------------|----------------|-----------------|-----------------|
| Net interest income | 198,723 | 184,617 | 814,906 | 682,024 |
| Net fee and commission income | 15,984 | 18,737 | 65,118 | 63,684 |
| Net results from financial transactions | 219 | -732 | -58 | 437 |
| Total operating income | 214,926 | 202,622 | 879,966 | 746,145 |
| General administrative expenses | -64,493 | -58,300 | -255,200 | -215,643 |
| Depreciation and amortisation of tangible and intangible assets | -2,865 | -2,586 | -13,979 | -9,611 |
| Other operating expenses | -1,122 | -3,342 | -8,823 | -18,649 |
| Total operating expenses | -68,480 | -64,228 | -278,002 | -243,903 |
| Profit before loan losses | 146,446 | 138,394 | 601,964 | 502,242 |
| Net loan losses | -70,425 | -49,859 | -273,311 | -158,211 |
| Operating profit | 76,021 | 88,535 | 328,653 | 344,031 |

| Balance sheet, SEK thousand | 31 Dec 2023 | 31 Dec 2022 |
|----------------------------------|------------------|------------------|
| Loans to the public | | |
| Household sector | 8,969,464 | 8,600,475 |
| Corporate sector ¹ | 82,301 | 80,073 |
| Total loans to the public | 9,051,765 | 8,680,548 |
| Household sector | | |
| Stage 1, net | 8,121,574 | 8,042,970 |
| Stage 2, net | 310,998 | 225,175 |
| Stage 3, net ² | 536,892 | 332,330 |
| Total household sector | 8,969,464 | 8,600,475 |

| Key figures ³ | Oct-Dec 2023 | Oct-Dec 2022 | Jan-Dec 2023 | Jan-Dec 2022 |
|----------------------------------|--------------|--------------|--------------|--------------|
| Operating income margin, % | 9.4 | 9.5 | 9.9 | 9.4 |
| Net loan loss ratio, % | 3.1 | 2.3 | 3.1 | 2.0 |
| Cost/Income ratio, % | 31.9 | 31.7 | 31.6 | 32.7 |
| Return on loans to the public, % | 2.6 | 3.2 | 2.8 | 3.3 |
| New lending, SEK thousand | 954,975 | 1,461,674 | 5,340,246 | 5,913,007 |

¹ Lending to the corporate sector consists of loans in stage 1 to counterparties regarding the sale of past due receivables.

² The Bank regularly sells past due receivables in markets where the Board of Directors considers the price level to be favourable for the Bank's performance and risk profile.

³ See separate section with definitions and reconciliation tables, page 40-41.

Note 3 cont.

CREDIT CARDS

| Income statement, SEK thousand | Oct-Dec 2023 | Oct-Dec 2022 | Jan-Dec 2023 | Jan-Dec 2022 |
|---|----------------|----------------|-----------------|-----------------|
| Net interest income | 217,370 | 112,966 | 713,302 | 354,531 |
| Net fee and commission income | -5,846 | 1,560 | -10,928 | 358 |
| Net results from financial transactions | 106 | -205 | -27 | 123 |
| Total operating income | 211,630 | 114,321 | 702,347 | 355,012 |
| General administrative expenses | -67,747 | -37,211 | -209,366 | -118,348 |
| Depreciation and amortisation of tangible and intangible assets | -4,043 | -1,833 | -13,842 | -7,228 |
| Other operating expenses | -7,503 | -9,568 | -54,329 | -47,270 |
| Total operating expenses | -79,293 | -48,612 | -277,537 | -172,846 |
| Profit before loan losses | 132,337 | 65,709 | 424,810 | 182,166 |
| Net loan losses | -86,992 | -43,973 | -287,447 | -142,910 |
| Operating profit | 45,345 | 21,736 | 137,363 | 39,256 |

| Balance sheet, SEK thousand | 31 Dec 2023 | 31 Dec 2022 |
|----------------------------------|------------------|------------------|
| Loans to the public | | |
| Household sector | 5,807,810 | 3,236,360 |
| Corporate sector ¹ | - | 27,643 |
| Total loans to the public | 5,807,810 | 3,264,003 |
| Household sector | | |
| Stage 1, net | 5,386,226 | 3,114,211 |
| Stage 2, net | 150,985 | 87,819 |
| Stage 3, net ² | 270,599 | 34,330 |
| Total household sector | 5,807,810 | 3,236,360 |

| Key figures ³ | Oct-Dec 2023 | Oct-Dec 2022 | Jan-Dec 2023 | Jan-Dec 2022 |
|----------------------------------|--------------|--------------|--------------|--------------|
| Operating income margin, % | 15.2 | 15.0 | 15.5 | 14.3 |
| Net loan loss ratio, % | 6.3 | 5.8 | 6.3 | 5.8 |
| Cost/Income ratio, % | 37.5 | 42.5 | 39.5 | 48.7 |
| Return on loans to the public, % | 2.5 | 2.2 | 2.2 | 1.1 |
| New lending, SEK thousand | 2,951,096 | 1,665,501 | 10,303,935 | 5,306,304 |
| Number of active credit cards | 240,241 | 140,687 | 240,241 | 140,687 |

¹ Lending to the corporate sector consists of loans in stage 1 to counterparties regarding the sale of past due receivables.

² The Bank regularly sells past due receivables in markets where the Board of Directors considers the price level to be favourable for the Bank's performance and risk profile.

³ See separate section with definitions and reconciliation tables, page 40-41.

Note 3 cont.

ECOMMERCE SOLUTIONS

| Income statement, SEK thousand | Oct-Dec 2023 | Oct-Dec 2022 | Jan-Dec 2023 | Jan-Dec 2022 |
|---|----------------|----------------|-----------------|-----------------|
| Net interest income | 84,220 | 57,257 | 293,105 | 225,629 |
| Net fee and commission income | 34,586 | 22,731 | 122,721 | 85,415 |
| Net results from financial transactions | 67 | -205 | -18 | 123 |
| Total operating income | 118,873 | 79,783 | 415,808 | 311,167 |
| General administrative expenses | -62,965 | -47,784 | -226,342 | -170,042 |
| Depreciation and amortisation of tangible and intangible assets | -9,609 | -5,440 | -32,645 | -20,559 |
| Other operating expenses | -240 | -714 | -1,207 | -1,677 |
| Total operating expenses | -72,814 | -53,938 | -260,194 | -192,278 |
| Profit before loan losses | 46,059 | 25,845 | 155,614 | 118,889 |
| Net loan losses | -28,776 | -21,879 | -96,093 | -66,448 |
| Operating profit | 17,283 | 3,966 | 59,521 | 52,441 |

| Balance sheet, SEK thousand | 31 Dec 2023 | 31 Dec 2022 |
|----------------------------------|------------------|------------------|
| Loans to the public | | |
| Household sector | 2,988,895 | 2,676,437 |
| Corporate sector ¹ | 22,163 | 33,385 |
| Total loans to the public | 3,011,058 | 2,709,822 |
| Household sector | | |
| Stage 1, net | 2,735,381 | 2,510,298 |
| Stage 2, net | 134,101 | 104,789 |
| Stage 3, net ² | 119,413 | 61,350 |
| Total household sector | 2,988,895 | 2,676,437 |

| Key figures ³ | Oct-Dec 2023 | Oct-Dec 2022 | Jan-Dec 2023 | Jan-Dec 2022 |
|----------------------------------|--------------|--------------|--------------|--------------|
| Operating income margin, % | 16.4 | 12.5 | 14.5 | 13.0 |
| Net loan loss ratio, % | 4.0 | 3.4 | 3.4 | 2.8 |
| Cost/Income ratio, % | 61.3 | 67.6 | 62.6 | 61.8 |
| Return on loans to the public, % | 1.8 | 0.5 | 1.5 | 1.6 |
| New lending, SEK thousand | 1,957,825 | 1,637,861 | 6,401,897 | 5,098,999 |
| Transaction volume, SEK thousand | 4,143,972 | 3,045,393 | 13,559,511 | 9,279,475 |

¹ Lending to the corporate sector consists of loans in stage 1 to a foreign partner within the segment.

² The Bank regularly sells past due receivables in markets where the Board of Directors considers the price level to be favourable for the Bank's performance and risk profile.

³ See separate section with definitions and reconciliation tables, page 40-41.

Note 3 cont.

RECONCILIATION AGAINST FINANCIAL INFORMATION

| Income statement, SEK thousand | Oct-Dec 2023 | Oct-Dec 2022 | Jan-Dec 2023 | Jan-Dec 2022 |
|--------------------------------|----------------|----------------|------------------|------------------|
| Operating income | | | | |
| Consumer Lending | 214,926 | 202,622 | 879,966 | 746,145 |
| Credit Cards | 211,630 | 114,321 | 702,347 | 355,012 |
| Ecommerce Solutions | 118,873 | 79,783 | 415,808 | 311,167 |
| Total operating income | 545,429 | 396,726 | 1,998,121 | 1,412,324 |
| Operating profit | | | | |
| Consumer Lending | 76,021 | 88,535 | 328,653 | 344,031 |
| Credit Cards | 45,345 | 21,736 | 137,363 | 39,256 |
| Ecommerce Solutions | 17,283 | 3,966 | 59,521 | 52,441 |
| Other ¹ | - | - | -15,938 | - |
| Total operating profit | 138,649 | 114,237 | 509,599 | 435,728 |

| Balance sheet, SEK thousand | 31 Dec 2023 | 31 Dec 2022 |
|----------------------------------|-------------------|-------------------|
| Loans to the public | | |
| Consumer Lending | 9,051,765 | 8,680,548 |
| Credit Cards | 5,807,810 | 3,264,003 |
| Ecommerce Solutions | 3,011,058 | 2,709,822 |
| Total loans to the public | 17,870,633 | 14,654,373 |

NOTE 4 Net loan losses

| SEK thousand | Oct-Dec 2023 | Oct-Dec 2022 | Jan-Dec 2023 | Jan-Dec 2022 |
|---|-----------------|-----------------|-----------------|-----------------|
| Change in provision for sold past due receivables | 7,517 | -74,809 | -148,960 | -250,930 |
| Realised loan losses | -13,329 | -11,042 | -56,031 | -37,477 |
| Recovered from previous realised loan losses | 70 | 76 | 337 | 239 |
| Change in provision for expected loan losses, stage 1-3 | -180,451 | -29,936 | -452,197 | -79,401 |
| Net loan losses | -186,193 | -115,711 | -656,851 | -367,569 |

Loan losses are attributable to Loans to the public and classified as amortised cost.

¹ Restructuring costs for adaptations of the current organisation.

NOTE 5 Classification of financial assets and liabilities

| 31 Dec 2023 SEK thousand | Financial instru- ments at fair value through profit or loss | Fair value through other com- prehensive income | Amortised cost | Derivatives used for hedge accounting | Non- financial assets and liabilities | Total |
|---|---|---|-------------------|--|---|------------|
| | Compulsory | | | | | |
| Assets | | | | | | |
| Cash and balances with central banks | - | - | 18,916 | - | - | 18,916 |
| Treasury bills eligible for refinancing | - | - | 3,635,697 | - | - | 3,635,697 |
| Loans to credit institutions | - | - | 2,089,504 | - | - | 2,089,504 |
| Loans to the public | - | - | 17,870,633 | - | - | 17,870,633 |
| Shares | 144 | - | - | - | - | 144 |
| Derivatives | 1,197 | - | - | 1,258 | - | 2,455 |
| Other assets | - | - | - | - | 329,409 | 329,409 |
| Total assets | 1,341 | - | 23,614,750 | 1,258 | 329,409 | 23,946,758 |
| Liabilities | | | | | | |
| Deposits and borrowings from the public | - | - | 20,652,997 | - | - | 20,652,997 |
| Subordinated liabilities | - | - | 346,909 | - | - | 346,909 |
| Derivatives | 227,708 | - | - | - | - | 227,708 |
| Other liabilities | - | - | - | - | 558,230 | 558,230 |
| Total liabilities | 227,708 | - | 20,999,906 | - | 558,230 | 21,785,844 |

| 31 Dec 2022 SEK thousand | Financial instru- ments at fair value through profit or loss | Fair value through other com- prehensive income | Amortised cost | Derivatives used for hedge accounting | Non- financial assets and liabilities | Total |
|---|---|---|-------------------|--|---|------------|
| | Compulsory | | | | | |
| Assets | | | | | | |
| Cash and balances with central banks | - | - | 57,686 | - | - | 57,686 |
| Treasury bills eligible for refinancing | - | - | 1,837,025 | - | - | 1,837,025 |
| Loans to credit institutions | - | - | 1,633,657 | - | - | 1,633,657 |
| Loans to the public | - | - | 14,654,373 | - | - | 14,654,373 |
| Shares | 154 | - | - | - | - | 154 |
| Derivatives | 11,387 | - | - | - | - | 11,387 |
| Other assets | - | - | - | - | 182,175 | 182,175 |
| Total assets | 11,541 | - | 18,182,741 | - | 182,175 | 18,376,457 |
| Liabilities | | | | | | |
| Deposits and borrowings from the public | - | - | 16,108,130 | - | - | 16,108,130 |
| Subordinated liabilities | - | - | 198,660 | - | - | 198,660 |
| Derivatives | 21,991 | - | - | 3,684 | - | 25,675 |
| Other liabilities | - | - | - | - | 305,392 | 305,392 |
| Total liabilities | 21,991 | - | 16,306,790 | 3,684 | 305,392 | 16,637,857 |

NOTE 6 Financial assets and liabilities measured at fair value
Fair value

For financial instruments measured at fair value in the balance sheet, disclosures are required on fair value measurement by level according to the fair value hierarchy below:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Other observable inputs for assets or liabilities are quoted market prices included in Level 1, either directly, i.e. in the form of quoted prices, or indirectly, i.e. derived from quoted prices (Level 2).
- Data for assets or liabilities which are not based on observable market data (non-observable inputs) (Level 3).

The Bank also provides information regarding the fair value of certain assets for information purposes.

| 31 Dec 2023 SEK thousand | Level 1 | Level 2 | Level 3 | Total |
|---|------------------|----------------|-------------------|-------------------|
| Assets | | | | |
| Cash and balances with central banks | - | - | 18,916 | 18,916 |
| Treasury bills eligible for refinancing | 3,629,343 | - | - | 3,629,343 |
| Loans to credit institutions | - | - | 2,089,504 | 2,089,504 |
| Loans to the public | - | - | 19,630,373 | 19,630,373 |
| Shares | - | 144 | - | 144 |
| Derivatives | - | 2,455 | - | 2,455 |
| Total assets | 3,629,343 | 2,599 | 21,738,793 | 25,370,735 |
| Liabilities | | | | |
| Deposits and borrowings from the public | - | - | 20,652,997 | 20,652,997 |
| Subordinated liabilities | - | 346,909 | - | 346,909 |
| Derivatives | - | 227,708 | - | 227,708 |
| Total liabilities | - | 574,617 | 20,652,997 | 21,227,614 |

| 31 Dec 2022 SEK thousand | Level 1 | Level 2 | Level 3 | Total |
|---|------------------|---------------|-------------------|-------------------|
| Assets | | | | |
| Cash and balances with central banks | - | - | 57,686 | 57,686 |
| Treasury bills eligible for refinancing | 1,826,973 | - | - | 1,826,973 |
| Loans to credit institutions | - | - | 1,633,657 | 1,633,657 |
| Loans to the public | - | - | 16,926,547 | 16,926,547 |
| Shares | - | 154 | - | 154 |
| Derivatives | - | 11,387 | - | 11,387 |
| Total assets | 1,826,973 | 11,541 | 18,617,890 | 20,456,404 |
| Liabilities | | | | |
| Deposits and borrowings from the public | - | - | 16,108,130 | 16,108,130 |
| Subordinated liabilities | - | - | 198,660 | 198,660 |
| Derivatives | - | 25,675 | - | 25,675 |
| Total liabilities | - | 25,675 | 16,306,790 | 16,332,465 |

Note 6 cont.

Financial instruments in Level 2

The fair value of financial instruments not traded in an active market (e.g. OTC derivatives) is determined using various valuation techniques. These valuation techniques use observable market data where available and rely as little as possible on entity specific estimates. An instrument is classified as Level 2 if all significant inputs required to value an instrument are observable.

Specific valuation techniques used to measure financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Fair value of currency swap contracts is determined using exchange rates at the balance sheet date.

For loans to the public the fair value is based on discounted cash flows using an interest rate based on the market rate at the balance sheet date, which was 16.20 % as at 31 December 2023 and 13.41 % as at 31 December 2022.

An instrument is classified as Level 3 in cases where one or more of the significant inputs are not based on observable market data.

For lending to the public, the market value has been calculated as the difference between the market capitalisation of TF Bank shares on the balance sheet date and the shareholders' equity adjusted for other surplus and deficit values of assets and liabilities in the balance sheet.

| 31 Dec 2023 SEK thousand | Carrying amount | Fair value | Fair value gain (+)/Fair value loss (-) |
|---|--------------------|-------------------|---|
| Assets | | | |
| Cash and balances with central banks | 18,916 | 18,916 | - |
| Treasury bills eligible for refinancing | 3,635,697 | 3,629,343 | -6,354 |
| Loans to credit institutions | 2,089,504 | 2,089,504 | - |
| Loans to the public | 17,870,633 | 19,630,373 | 1,759,740 |
| Shares | 144 | 144 | - |
| Derivatives | 2,455 | 2,455 | - |
| Total assets | 23,617,349 | 25,370,735 | 1,753,386 |
| Liabilities | | | |
| Deposits from the public | 20,652,997 | 20,652,997 | - |
| Subordinated liabilities | 346,909 | 346,909 | - |
| Derivatives | 227,708 | 227,708 | - |
| Total liabilities | 21,227,614 | 21,227,614 | - |

| 31 Dec 2022 SEK thousand | Carrying amount | Fair value | Fair value gain (+)/Fair value loss (-) |
|---|--------------------|-------------------|---|
| Assets | | | |
| Cash and balances with central banks | 57,686 | 57,686 | - |
| Treasury bills eligible for refinancing | 1,837,025 | 1,826,973 | -10,052 |
| Loans to credit institutions | 1,633,657 | 1,633,657 | - |
| Loans to the public | 14,654,373 | 16,926,547 | 2,272,174 |
| Shares | 154 | 154 | - |
| Derivatives | 11,387 | 11,387 | - |
| Total assets | 18,194,282 | 20,456,404 | 2,262,122 |
| Liabilities | | | |
| Deposits from the public | 16,108,130 | 16,108,130 | - |
| Subordinated liabilities | 198,660 | 198,660 | - |
| Derivatives | 25,675 | 25,675 | - |
| Total liabilities | 16,332,465 | 16,332,465 | - |

NOTE 7 Loans to the public

| SEK thousand | 31 Dec 2023 | 31 Dec 2022 |
|--|-------------------|-------------------|
| Loans to the household sector | 17,766,169 | 14,513,272 |
| Loans to the corporate sector ¹ | 104,464 | 141,101 |
| Total loans to the public | 17,870,633 | 14,654,373 |
| Loans to the household sector, gross | | |
| Stage 1, gross | 16,505,116 | 13,861,985 |
| Stage 2, gross | 711,193 | 495,257 |
| Stage 3, gross ² | 1,604,567 | 763,649 |
| Total loans to the household sector, gross | 18,820,876 | 15,120,891 |
| Provisions for expected loan losses, household sector | | |
| Stage 1 | -261,935 | -194,506 |
| Stage 2 | -115,109 | -77,474 |
| Stage 3 ² | -677,663 | -335,639 |
| Total provisions for expected loan losses, household sector | -1,054,707 | -607,619 |
| Loans to the household sector, net | | |
| Stage 1, net | 16,243,181 | 13,667,479 |
| Stage 2, net | 596,084 | 417,783 |
| Stage 3, net ² | 926,904 | 428,010 |
| Total loans to the household sector, net | 17,766,169 | 14,513,272 |
| <i>Geographic distribution of net loans</i> | | |
| Germany | 4,784,548 | 2,665,839 |
| Norway | 4,245,890 | 4,182,683 |
| Finland | 3,478,514 | 3,246,939 |
| Sweden | 1,485,643 | 1,291,765 |
| Estonia | 1,066,304 | 1,035,596 |
| Latvia | 988,664 | 894,692 |
| Lithuania | 885,922 | 688,702 |
| Poland | 314,539 | 432,097 |
| Austria | 291,619 | 106,752 |
| Denmark | 176,249 | 69,090 |
| Spain | 152,741 | 40,218 |
| Total loans to the public | 17,870,633 | 14,654,373 |

CHANGE IN PROVISION FOR NET LOAN LOSSES

| SEK thousand | 31 Dec 2023 | 31 Dec 2022 |
|---|-------------------|-----------------|
| Opening balance | -607,619 | -485,387 |
| Change in provision for sold loans | -148,960 | -250,930 |
| Reversal of provision for sold loans | 148,960 | 250,930 |
| Change in provision for expected loan losses in stage 1 | -71,555 | -29,265 |
| Change in provision for expected loan losses in stage 2 | -39,201 | -31,058 |
| Change in provision for expected loan losses in stage 3 | -351,825 | -28,284 |
| Exchange rate differences | 15,493 | -33,625 |
| Closing balance | -1,054,707 | -607,619 |

¹ Lending to the corporate sector consists of loans in stage 1 to counterparties regarding sale of past due receivables and a loan in stage 1 to a foreign partner within the segment Ecommerce Solutions.

² The Bank regularly sells past due receivables in markets where the Board of Directors considers the price level to be favourable for the Bank's performance and risk profile.

NOTE 8 Deposits and borrowings from the public

| SEK thousand | 31 Dec 2023 | 31 Dec 2022 |
|--|-------------------|-------------------|
| Germany | 19,275,721 | 12,742,158 |
| Norway | 559,370 | 2,736,078 |
| Finland | 326,736 | 285,196 |
| Sweden | 195,191 | 344,698 |
| Netherlands | 162,800 | - |
| Ireland | 103,291 | - |
| Spain | 29,888 | - |
| Total deposits and borrowings from the public | 20,652,997 | 16,108,130 |

Deposits from the public only occur in the household sector and 98 % (98) is covered by a deposit guarantee scheme. Deposits in Finland are payable on demand. Other countries' deposits are payable on demand and on maturity. Deposits with maturity amounts to 40 % (32) of total deposits from the public.

CHANGES IN DEPOSITS AND BORROWINGS FROM THE PUBLIC

| SEK thousand | 31 Dec 2023 | 31 Dec 2022 |
|---------------------------|-------------------|-------------------|
| Opening balance | 16,108,130 | 11,504,749 |
| Change | 4,642,515 | 3,465,856 |
| Exchange rate differences | -97,648 | 1,137,525 |
| Closing balance | 20,652,997 | 16,108,130 |

NOTE 9 Capital adequacy**Background**

Information about the Bank's capital adequacy in this document includes information in accordance with Chapter 6, Sections 3-4 of the Swedish Financial Supervisory Authority's (Swedish FSA) regulations and general guidelines (FFFS 2008:25) on annual accounts of credit institutions and investment firms and related information contained in article 433b of Regulation (EU) No 575/2013 and Chapter 8, Section 1 of the Swedish FSA's regulations and general guidelines on regulatory requirements and capital buffers (FFFS 2014:12). TF Bank AB is the responsible institution and is under the supervision of the Swedish FSA. As a result, the Bank is subject to the rules governing credit institutions in Sweden. TF Bank AB is a listed company and as such the stock exchange rules are also applicable. TF Bank is classified as a small and non-complex institute in accordance to article 4.1.145 of Regulation (EU) No 575/2013. The Bank's statutory capital requirements are governed by the Swedish Special Supervision of Credit Institutions and Investment Firms Act (2014:968), Regulation (EU) No 575/2013, the Act on Capital Buffers (2014:966) and the Swedish FSA's regulations and general recommendations on regulatory requirements and capital buffers (FFFS 2014:12) and the Swedish FSA's memorandum (FI dnr 20-20990) on the new capital requirements for Swedish banks. As of the fourth quarter of 2023, TF Bank has a consolidated situation and the capital adequacy as of 31 December 2023 in this note refers to the group.

Own funds

TF Bank's own funds consists of equity attributable to the shareholders and issued bonds. Shareholders' equity after regulatory adjustments constitutes common equity Tier 1 capital. Issued bonds constitute additional Tier 1 capital or Tier 2 capital. The bonds are subordinated to the Bank's other creditors and bonds that constitute additional Tier 1 capital can under certain conditions be converted into share capital. The Swedish FSA has approved TF Bank AB's applications to include the interim profit in own funds. During the first quarter of 2023, the transition arrangement for phasing in loan loss provisions according to IFRS 9 has been completed.

Risk exposure amount

TF Bank's risk exposure amount mainly consists of credit risk and operational risk. The risk exposure amount for credit risk is calculated according to the standardised method and the Bank's exposures are weighted based on various percentages specified in Regulation (EU) No. 575/2013. The risk exposure amount for operational risk is calculated using the alternative standardised method according to Regulation (EU) No. 575/2013.

Capital requirements

The regulatory capital requirement in pillar 1 means that total own funds must amount to at least 8 % of the risk-weighted exposure amount for credit risk, credit valuation adjustment risk, market risk and operational risk. After that, additional capital requirements are added for the risks that are not covered via pillar 1, which is, for example, concentration risk, currency risk and interest rate risk. The capital requirements for these risks are covered via pillar 2. In addition to this, additional capital is allocated for a capital conservation buffer of 2.5 % of the risk-weighted exposure amount as well as an institution-specific countercyclical capital buffer that is weighted based on geographical exposures. As of 31 December 2023, TF Bank's countercyclical buffer requirement of 1.2 % is related to 2.5 % for exposures in Norway and Denmark, 2.0 % for exposures in Sweden, 1.0 % for exposures in Estonia and 0.75 % for exposures in Germany.

Internally assessed capital requirement

At least annually, TF Bank carries out a process to assess whether the Bank's capital and liquidity forecast during the coming three-year period is sufficient to manage the risks to which the Bank is, or may become, exposed. The process is carried out in accordance with Article 73 of the EU directive EU/2013/36 and is called internal capital and liquidity assessment process (ICAAP).

Note 9 cont.

THE GROUP'S CAPITAL SITUATION ^{1, 2}

| SEK thousand | 31 Dec 2023 | 31 Dec 2022 |
|--|-------------------|-------------------|
| Common Equity Tier 1 capital (CET1) | 1,817,029 | 1,522,686 |
| Additional Tier 1 capital (AT1) | 250,000 | 200,000 |
| Tier 2 capital | 346,909 | 198,660 |
| Own funds | 2,413,938 | 1,921,346 |
| Risk exposure amount | 15,143,851 | 12,349,623 |
| - of which: credit risk | 14,207,588 | 11,692,361 |
| - of which: credit valuation adjustment risk | 12,106 | 7,166 |
| - of which: market risk | - | - |
| - of which: operational risk | 924,157 | 650,096 |
| Capital ratios | | |
| CET1 capital ratio, % | 12.0 | 12.3 |
| Tier 1 capital ratio, % | 13.6 | 13.9 |
| Total capital ratio, % | 15.9 | 15.6 |

THE GROUP'S REGULATORY CAPITAL REQUIREMENTS ¹

| SEK thousand | 31 Dec 2023 | | 31 Dec 2022 | |
|---|-------------|----------------------|-------------|----------------------|
| | Amount | Percent ³ | Amount | Percent ³ |
| Capital requirement under pillar 1 | | | | |
| CET1 capital | 681,473 | 4.5 | 555,733 | 4.5 |
| Tier 1 capital | 908,631 | 6.0 | 740,977 | 6.0 |
| Total capital | 1,211,508 | 8.0 | 987,970 | 8.0 |
| Capital requirement under pillar 2 | | | | |
| CET1 capital | 91,531 | 0.6 | 90,516 | 0.7 |
| Tier 1 capital | 122,042 | 0.8 | 120,689 | 1.0 |
| Total capital | 162,722 | 1.1 | 160,918 | 1.3 |
| - of which, concentration risk | 135,850 | 0.9 | 126,072 | 1.0 |
| - of which, currency risk | 1,664 | 0.0 | 1,016 | 0.0 |
| - of which, interest rate risk | 25,208 | 0.2 | 33,830 | 0.3 |
| Total capital requirement under pillar 1 and pillar 2 | | | | |
| CET1 capital | 773,004 | 5.1 | 646,249 | 5.2 |
| Tier 1 capital | 1,030,673 | 6.8 | 861,666 | 7.0 |
| Total capital | 1,374,230 | 9.1 | 1,148,888 | 9.3 |
| Institution-specific buffer requirement | | | | |
| Total buffer requirement | 555,779 | 3.7 | 401,364 | 3.3 |
| - of which, capital conservation buffer | 378,596 | 2.5 | 308,741 | 2.5 |
| - of which, countercyclical buffer | 177,183 | 1.2 | 92,623 | 0.8 |
| Total capital requirement including buffer requirement | | | | |
| CET1 capital | 1,328,784 | 8.8 | 1,047,613 | 8.5 |
| Tier 1 capital | 1,586,452 | 10.5 | 1,263,029 | 10.2 |
| Total capital | 1,930,009 | 12.7 | 1,550,251 | 12.6 |

¹ Comparative figures for 2022 refers to the parent company TF Bank AB since the consolidated situation occurred in the fourth quarter of 2023.

² In accordance with (EU) 2021/637 TF Bank AB discloses the information about capital adequacy and other information as per the template "EU KM1" on page 42.

³ Capital requirements expressed as a percentage of the risk exposure amount.

Note 9 cont.

GROUP'S OWN FUNDS ¹

| SEK thousand | 31 Dec 2023 | 31 Dec 2022 |
|---|------------------|------------------|
| CET1 capital | | |
| Share capital | 107,500 | 107,500 |
| Other reserves | 1,972 | 87,416 |
| Retained earnings including net profit for the period reviewed by the auditor | 1,801,442 | 1,339,862 |
| Adjustments to CET1 capital: | | |
| - Deduction of foreseeable costs and dividends ² | - | - |
| - IFRS 9 transitional arrangements | - | 47,391 |
| - Intangible assets ³ | -35,882 | -50,556 |
| - Goodwill | -12,753 | -8,927 |
| - Deferred tax assets that rely on future profitability | -4,969 | - |
| - Insufficient coverage for non-performing exposures ⁴ | -40,281 | - |
| Total CET1 capital | 1,817,029 | 1,522,686 |
| Additional Tier 1 capital | | |
| Perpetual subordinated loan | 250,000 | 200,000 |
| Tier 2 capital | | |
| Fixed term subordinated loans | 346,909 | 198,660 |
| Own funds | 2,413,938 | 1,921,346 |

THE GROUP'S SPECIFICATION OF RISK EXPOSURE AMOUNT AND CAPITAL REQUIREMENT

| SEK thousand | 31 Dec 2023 | | 31 Dec 2022 | |
|---|----------------------|-------------------------|----------------------|-------------------------|
| | Risk exposure amount | Capital requirement 8 % | Risk exposure amount | Capital requirement 8 % |
| Credit risk under the standardised approach | | | | |
| Corporate exposures | 79,920 | 6,394 | 89,182 | 7,135 |
| Household exposures | 12,597,979 | 1,007,838 | 10,727,797 | 858,224 |
| Exposures secured by real estate collateral | 15,891 | 1,271 | 19,817 | 1,585 |
| Exposures in default | 926,385 | 74,111 | 428,269 | 34,262 |
| Exposures to institutions | 415,622 | 33,250 | 349,714 | 27,977 |
| Equity exposures | 144 | 12 | 525 | 42 |
| Other items | 171,647 | 13,732 | 77,057 | 6,165 |
| Total | 14,207,588 | 1,136,607 | 11,692,361 | 935,390 |
| Credit valuation adjustment | | | | |
| Standardised method | 12,106 | 968 | 7,166 | 573 |
| Total | 12,106 | 968 | 7,166 | 573 |
| Market risk | | | | |
| Foreign exchange rate risk | - | - | - | - |
| Total | - | - | - | - |
| Operational risk | | | | |
| Alternative Standardised Approach | 924,157 | 73,933 | 650,096 | 52,008 |
| Total | 924,157 | 73,933 | 650,096 | 52,008 |
| Total risk exposure amount and total capital requirement | 15,143,851 | 1,211,508 | 12,349,623 | 987,971 |

¹ Comparative figures for 2022 refers to the parent company TF Bank AB since the consolidated situation occurred in the fourth quarter of 2023.

² Deduction of dividends have been made in accordance with the Board of Directors' proposal to the Annual General Meeting.

³ Deduction according to Commission Delegated Regulation (EU) 2020/2176.

⁴ Deduction according to Regulation (EU) No 2019/630.

Background

Information about the Bank's liquidity coverage in this document includes information in accordance with Chapter 5, Section 9 of the Swedish FSA's regulations and general guidelines (FFFS 2010:7) on publication of information on liquidity risk. Information on regulatory liquidity requirements in this document refers to information set out in Part Six of Regulation (EU) No 575/2013. During the first quarter of 2023, TF Bank has changed the calculation method for deposits via deposit intermediaries, which has resulted in a lower liquidity coverage ratio and a lower net stable funding ratio.

Liquidity reserve

In accordance with FFFS 2010:7, a responsible institution is required to keep a separate reserve of high-quality liquid assets that can be used to secure short-term solvency in the event of the loss or deterioration of access to normally available funding sources. TF Bank's available liquidity reserve consists of treasury bills, government bonds, cash at central banks and loans to credit institutions. Only amounts that are available the following day are counted in the available liquidity reserve.

Sources of financing

TF Bank's main source of financing is deposits from the public. Deposits are only from the household sector and 98 % (98) is covered by a government deposit guarantee scheme. The other sources of financing are subordinated debt, additional Tier 1 capital instruments and equity attributable to the shareholders.

LIQUIDITY POSITION ¹

| TSEK | 31 Dec 2023 | 31 Dec 2022 |
|--|-------------------|-------------------|
| Liquidity reserve ² | | |
| Treasury bills eligible for refinancing (EU-commission) ³ | 1,322,471 | 551,188 |
| Treasury bills eligible for refinancing (Sweden) ³ | 1,129,677 | 24,908 |
| Treasury bills eligible for refinancing (Finland) ³ | 495,926 | 497,297 |
| Treasury bills eligible for refinancing (Netherlands) ³ | 440,823 | 499,306 |
| Government securities eligible for refinancing (Norway) ⁴ | 246,800 | 264,326 |
| Total liquidity reserve ² | 3,635,697 | 1,837,025 |
| Other available liquidity reserve | | |
| Cash and balances with central banks ⁵ | 5,968 | 2,900 |
| Loans to credit institutions ⁵ | 1,562,740 | 1,370,161 |
| Total other available liquidity reserve | 1,568,708 | 1,373,061 |
| Total available liquidity reserve | 5,204,405 | 3,210,086 |
| Sources of financing | | |
| Deposits from the public | 20,652,997 | 16,108,130 |
| Subordinated liabilities | 346,909 | 198,660 |
| Tier 1 capital instrument | 250,000 | 200,000 |
| Equity attributable to shareholders | 1,910,214 | 1,534,778 |
| Total sources of financing | 23,160,120 | 18,041,568 |
| Key figures | | |
| Available liquidity reserve / Deposits from the public | 25 | 20 |
| Liquidity coverage ratio, % | 354 | 290 |
| Net Stable Funding ratio, % | 128 | 138 |

REGULATORY LIQUIDITY REQUIREMENTS

| | 31 Dec 2023 | 31 Dec 2022 |
|-----------------------------|-------------|-------------|
| Key figures | | |
| Liquidity coverage ratio, % | 100 | 100 |
| Net Stable Funding ratio, % | 100 | 100 |

¹ Comparative figures for 2022 refers to the parent company TF Bank AB since the consolidated situation occurred in the fourth quarter of 2023.

² According to definition in FFFS 2010:7.

³ Remaining term to maturity of up to 6 months.

⁴ Maturity date 19 February 2026.

⁵ Excluding restricted cash and cash equivalents that are not available the next day.

NOTE 11 Subordinated liabilities

| SEK thousand | 31 Dec 2023 | 31 Dec 2022 |
|-------------------------------------|----------------|----------------|
| Fixed-term subordinated liabilities | 346,909 | 198,660 |
| Total | 346,909 | 198,660 |

Subordinated loans are subordinated to other liabilities. During the first quarter, TF Bank issued SEK 150 million. The table below shows the terms for each bond and the prospectus are available on the Bank's website, www.tfbankgroup.com.

| Issuing date | Nominal amount (SEK thousand) | Interest rate terms | Maturity date |
|-------------------|-------------------------------|------------------------|-------------------|
| 27 September 2019 | 100,000 | STIBOR 3 months +4.65% | 27 September 2029 |
| 14 December 2020 | 100,000 | STIBOR 3 months +5.50% | 14 December 2030 |
| 28 February 2023 | 150,000 | STIBOR 3 months +6.50% | 28 February 2033 |

NOTE 12 Pledged assets, contingent liabilities and commitments

| SEK thousand | 31 Dec 2023 | 31 Dec 2022 |
|---------------------------------------|---------------|---------------|
| Pledged assets | | |
| Restricted bank deposits ¹ | 12,948 | 54,786 |
| Total | 12,948 | 54,786 |

| SEK thousand | 31 Dec 2023 | 31 Dec 2022 |
|--------------------------|------------------|------------------|
| Commitments | | |
| Unutilised credit limits | 5,983,885 | 3,265,256 |
| Total | 5,983,885 | 3,265,256 |

According to the Board's assessment, TF Bank has no contingent liabilities.

¹ Restricted bank deposits refers to minimum reserve requirements at central banks in Estonia, Finland, Latvia and Poland.

NOTE 13 Transactions with related parties

Transactions between Group companies refer to invoicing of services provided by subsidiaries. Transactions with other related parties in the table below refer to transactions between TF Bank and companies that largely have the same owner as TF Bank's largest owner TFB Holding AB, corporate identity number 556705-2997. All transactions are priced according to the market.

| SEK thousand | Oct-Dec 2023 | Oct-Dec 2022 | Jan-Dec 2023 | Jan-Dec 2022 |
|--|----------------|----------------|----------------|----------------|
| <i>The following transactions have been made between companies within the Group:</i> | | | | |
| General administrative expenses | -2,149 | -1,626 | -7,671 | -4,697 |
| Total | -2,149 | -1,626 | -7,671 | -4,697 |
| <i>The following transactions have been made with other related parties:</i> | | | | |
| Interest income (transaction costs) | -9,635 | -11,936 | -41,739 | -46,869 |
| Fee and commission income | 640 | 788 | 2,907 | 3,294 |
| General administrative expenses | -430 | -439 | -1,688 | -2,049 |
| Total | -9,425 | -11,587 | -40,520 | -45,624 |
| <i>Acquisition of assets and liabilities from other related parties:</i> | | | | |
| Ecommerce Solutions | 123,812 | 128,322 | 496,554 | 550,025 |
| Total | 123,812 | 128,322 | 496,554 | 550,025 |

| SEK thousand | 31 Dec 2023 | 31 Dec 2022 |
|--|-------------|-------------|
| <i>Assets and liabilities at the end of the period as a result of transactions with other related parties:</i> | | |
| Other assets | 412 | 917 |
| Other liabilities | 178 | 282 |

PARENT COMPANY

JANUARY - DECEMBER 2023

COMPARED TO 31 DECEMBER 2022 (unless otherwise stated)

Generally

TF Bank AB, org.nr. 556158-1041, is a banking company registered in Borås, Sweden. The company is licensed to conduct banking operations. Deposit and/or lending activities are conducted in Sweden, Finland, Norway, Denmark, Estonia, Latvia, Lithuania, Poland, Germany, Austria, Spain, Ireland and the Netherlands through subsidiary, branch, or cross-border banking with the support of the Swedish banking license.

Operating profit

Operating profit increased by 14 % to SEK 493.7 million (434.0) including restructuring costs of SEK 15.9 million during the third quarter. Higher operating income from the growing loan portfolio has contributed to the increasing operating profit.

Operating income

The operating income has increased by 34 % to SEK 1,888 million (1,413). The increase is related to the growing loan portfolio and geographically it was primarily Germany that had higher operating income.

Operating expenses

The operating expenses increased by 25 % to SEK 763.0 million (611.2), including restructuring costs of SEK 15.9 million during the third quarter. The increase is mainly explained by higher sales-related expenses and more employees due to the increase in new lending.

Loan losses

The loan losses increased by 72 % to SEK 631.2 million (367.6). The growing loan portfolio in the Credit Cards segment and higher loan losses in both the Consumer Lending and Ecommerce Solutions segment contributed to an increase in the loan losses.

Tax expense

The tax expenses increased to SEK 109.2 million (93.3). The increase in the tax expenses is related to a higher operating profit.

Loans to the public

Loans to the public increased to SEK 15,424 million (14,654) during 2023. The increase is affected by record volumes in the Credit Cards segment.

Deposits from the public

Deposits from the public increased to SEK 20,653 million (16,108) in 2023. At the end of the year, deposits were geographically distributed between Germany at 93 % and in other countries 7 %.

Loans to credit institutions

Loans to credit institutions amounted to SEK 2,994 million (1,632) at the end of 2023. The majority of the lending consists of accounts payable on demand at various Nordic banks. The amount includes lending to the subsidiary Avarda of SEK 1,324 million (-).

Shares in subsidiaries

Shares in subsidiaries amounted to SEK 1,615 million (0) at the end of the year. The increase is mainly due to new share issues in Avarda AB during the fourth quarter of 2023, where a restructuring within the Group was carried out.

Capital adequacy

At the end of the year, the Parent Company's total capital ratio was 16.2 % (15.6), the Tier 1 capital ratio was 13.9 % (13.9) and the CET1 capital ratio was 12.2 % (12.3). The capital ratios have been positively affected by the issuance of both Tier 2 and Additional Tier 1 capital bonds of SEK 150 million, respectively. An early redemption of Additional Tier 1 bonds of SEK 100 million has, however, had a negative impact on the ratios.

INCOME STATEMENT - PARENT COMPANY

| SEK thousand | Oct-dec 2023 | Oct-Dec 2022 | Jan-Dec 2023 | Jan-Dec 2022 |
|---|-----------------|-----------------|------------------|------------------|
| Operating income | | | | |
| Interest income | 614,125 | 429,806 | 2,293,271 | 1,472,979 |
| Interest expense | -190,370 | -74,830 | -547,971 | -210,318 |
| Net interest income | 423,755 | 354,976 | 1,745,300 | 1,262,661 |
| Fee and commission income | 45,097 | 57,116 | 246,847 | 204,316 |
| Fee and commission expense | -33,772 | -14,088 | -103,335 | -54,859 |
| Net fee and commission income | 11,325 | 43,028 | 143,512 | 149,457 |
| Net results from financial transactions | -406 | -1,142 | -902 | 683 |
| Total operating income | 434,674 | 396,862 | 1,887,910 | 1,412,801 |
| Operating expenses | | | | |
| General administrative expenses | -137,927 | -145,592 | -661,489 | -513,377 |
| Depreciation and amortisation of tangible and intangible assets | -5,857 | -7,783 | -37,668 | -30,256 |
| Other operating expenses | -8,368 | -13,624 | -63,862 | -67,596 |
| Total operating expenses | -152,152 | -166,999 | -763,019 | -611,229 |
| Profit before loan losses | 282,522 | 229,863 | 1,124,891 | 801,572 |
| Net loan losses | -160,573 | -115,711 | -631,231 | -367,569 |
| Operating profit | 121,949 | 114,152 | 493,660 | 434,003 |
| Income tax for the period | -27,303 | -24,802 | -109,159 | -93,198 |
| Profit for the period | 94,646 | 89,350 | 384,501 | 340,805 |

STATEMENT OF OTHER COMPREHENSIVE INCOME - PARENT COMPANY

| SEK thousand | Oct-Dec 2023 | Oct-Dec 2022 | Jan-Dec 2023 | Jan-Dec 2022 |
|--|---------------|---------------|----------------|----------------|
| Profit for the period | 94,646 | 89,350 | 384,501 | 340,805 |
| Other comprehensive income | | | | |
| Items that may subsequently be reclassified to the income statement | | | | |
| Gross exchange rate differences | -846 | -281 | -1,173 | -464 |
| Tax on exchange rate differences in the period | 189 | 61 | 260 | 100 |
| Other comprehensive income for the period | -657 | -220 | -913 | -364 |
| Total comprehensive income for the period | 93,989 | 89,130 | 383,588 | 340,441 |

BALANCE SHEET - PARENT COMPANY

| SEK thousand | 31 Dec 2023 | 31 Dec 2022 |
|---|-------------------|-------------------|
| ASSETS | | |
| Cash and balances with central banks | 18,916 | 57,686 |
| Treasury bills eligible for refinancing | 3,536,570 | 1,837,025 |
| Loans to credit institutions | 2,994,041 | 1,631,653 |
| Loans to the public | 15,424,259 | 14,654,373 |
| Shares | 144 | 154 |
| Shares in subsidiaries | 1,614,558 | 371 |
| Goodwill | 7,652 | 8,927 |
| Intangible assets | 39,216 | 86,780 |
| Tangible assets | 6,514 | 3,955 |
| Other assets | 13,644 | 27,707 |
| Deferred tax assets | 55,285 | 2,943 |
| Prepaid expenses and accrued income | 53,286 | 35,716 |
| TOTAL ASSETS | 23,764,085 | 18,347,290 |
| LIABILITIES AND EQUITY | | |
| Liabilities | | |
| Deposits and borrowings from the public | 20,652,996 | 16,108,130 |
| Other liabilities | 295,421 | 125,131 |
| Current tax liabilities | 94,075 | 35,955 |
| Accrued expenses and prepaid income | 217,527 | 144,621 |
| Deferred tax liabilities | - | 15 |
| Provisions | 11,158 | - |
| Subordinated liabilities | 346,909 | 198,660 |
| Total liabilities | 21,618,086 | 16,612,512 |
| Equity | | |
| Restricted equity | | |
| Share capital | 107,500 | 107,500 |
| Statutory reserve | 1,000 | 1,000 |
| Development costs fund | 39,215 | 86,780 |
| Total restricted equity | 147,715 | 195,280 |
| Non-restricted equity | | |
| Tier 1 capital instrument | 250,000 | 200,000 |
| Fair value fund | -1,278 | -364 |
| Retained earnings | 1,365,061 | 999,057 |
| Profit for the period | 384,501 | 340,805 |
| Total non-restricted equity | 1,998,284 | 1,539,498 |
| Total equity | 2,145,999 | 1,734,778 |
| TOTAL LIABILITIES AND EQUITY | 23,764,085 | 18,347,290 |

NOTE 14 Capital adequacy
THE PARENT COMPANY'S CAPITAL SITUATION

| SEK thousand | 31 Dec 2023 | 31 Dec 2022 |
|--|-------------------|-------------------|
| Common Equity Tier 1 capital (CET1) | 1,829,184 | 1,522,686 |
| Additional Tier 1 capital (AT1) | 250,000 | 200,000 |
| Tier 2 capital | 346,909 | 198,660 |
| Own funds | 2,426,093 | 1,921,346 |
| Risk exposure amount | 14,942,035 | 12,349,623 |
| - of which: credit risk | 14,050,361 | 11,692,361 |
| - of which: credit valuation adjustment risk | 14,508 | 7,166 |
| - of which: market risk | - | - |
| - of which: operational risk | 877,166 | 650,096 |
| Capital ratios | | |
| CET1 capital ratio, % | 12.2 | 12.3 |
| Tier 1 capital ratio, % | 13.9 | 13.9 |
| Total capital ratio, % | 16.2 | 15.6 |

THE PARENT COMPANY'S REGULATORY CAPITAL REQUIREMENTS

| SEK thousand | 31 Dec 2023 | | 31 Dec 2022 | |
|---|-------------|----------------------|-------------|----------------------|
| | Amount | Percent ¹ | Amount | Percent ¹ |
| Capital requirement under pillar 1 | | | | |
| CET1 capital | 672,392 | 4.5 | 555,733 | 4.5 |
| Tier 1 capital | 896,522 | 6.0 | 740,977 | 6.0 |
| Total capital | 1,195,363 | 8.0 | 987,970 | 8.0 |
| Capital requirement under pillar 2 | | | | |
| CET1 capital | 84,641 | 0.6 | 90,516 | 0.7 |
| Tier 1 capital | 112,855 | 0.8 | 120,689 | 1.0 |
| Total capital | 150,473 | 1.0 | 160,918 | 1.3 |
| - of which, concentration risk | 128,880 | 0.9 | 126,072 | 1.0 |
| - of which, currency risk | 1,261 | 0.0 | 1,016 | 0.0 |
| - of which, interest rate risk | 20,332 | 0.1 | 33,830 | 0.3 |
| Total capital requirement under pillar 1 and pillar 2 | | | | |
| CET1 capital | 757,033 | 5.1 | 646,249 | 5.2 |
| Tier 1 capital | 1,009,377 | 6.8 | 861,666 | 7.0 |
| Total capital | 1,345,836 | 9.0 | 1,148,888 | 9.3 |
| Institution-specific buffer requirement | | | | |
| Total buffer requirement | 564,809 | 3.8 | 401,364 | 3.3 |
| - of which, capital conservation buffer | 373,551 | 2.5 | 308,741 | 2.5 |
| - of which, countercyclical buffer | 191,258 | 1.3 | 92,623 | 0.8 |
| Total capital requirement including buffer requirement | | | | |
| CET1 capital | 1,321,842 | 8.8 | 1,047,613 | 8.5 |
| Tier 1 capital | 1,574,186 | 10.5 | 1,263,029 | 10.2 |
| Total capital | 1,910,645 | 12.8 | 1,550,251 | 12.6 |

¹ Capital requirements expressed as a percentage of the risk exposure amount.

Note 14 cont.

THE PARENT COMPANY'S OWN FUNDS

| SEK thousand | 31 Dec 2023 | 31 Dec 2022 |
|---|------------------|------------------|
| CET1 capital | | |
| Share capital | 107,500 | 107,500 |
| Other reserves | 38,938 | 87,416 |
| Retained earnings including net profit for the period reviewed by the auditor | 1,749,561 | 1,339,862 |
| Adjustments to CET1 capital: | | |
| - Deduction of foreseeable costs and dividends ¹ | - | - |
| - IFRS 9 transitional arrangements | - | 47,391 |
| - Intangible assets ² | -18,965 | -50,556 |
| - Goodwill | -7,652 | -8,927 |
| - Insufficient coverage for non-performing exposures ³ | -40,198 | - |
| Total CET1 capital | 1,829,184 | 1,522,686 |
| Additional Tier 1 capital | | |
| Perpetual subordinated loan | 250,000 | 200,000 |
| Tier 2 capital | | |
| Fixed term subordinated loans | 346,909 | 198,660 |
| Own funds | 2,426,093 | 1,921,346 |

THE PARENT COMPANY'S SPECIFICATION OF RISK EXPOSURE AMOUNT AND CAPITAL REQUIREMENT

| SEK thousand | 31 Dec 2023 | | 31 Dec 2022 | |
|---|----------------------|-------------------------|----------------------|-------------------------|
| | Risk exposure amount | Capital requirement 8 % | Risk exposure amount | Capital requirement 8 % |
| Credit risk under the standardised approach | | | | |
| Corporate exposures | 79,920 | 6,394 | 89,182 | 7,135 |
| Household exposures | 10,822,202 | 865,776 | 10,727,797 | 858,224 |
| Exposures secured by real estate collateral | 15,891 | 1,271 | 19,817 | 1,585 |
| Exposures in default | 847,714 | 67,817 | 428,269 | 34,262 |
| Exposures to institutions | 598,944 | 47,916 | 349,714 | 27,977 |
| Equity exposures | 1,614,702 | 129,176 | 525 | 42 |
| Other items | 70,988 | 5,679 | 77,057 | 6,165 |
| Total | 14,050,361 | 1,124,029 | 11,692,361 | 935,390 |
| Credit valuation adjustment | | | | |
| Standardised method | 14,508 | 1,161 | 7,166 | 573 |
| Total | 14,508 | 1,161 | 7,166 | 573 |
| Market risk | | | | |
| Foreign exchange rate risk | - | - | - | - |
| Total | - | - | - | - |
| Operational risk | | | | |
| Alternative Standardised Approach | 877,166 | 70,173 | 650,096 | 52,008 |
| Total | 877,166 | 70,173 | 650,096 | 52,008 |
| Total risk exposure amount and total capital requirement | 14,942,035 | 1,195,363 | 12,349,623 | 987,971 |

¹ Deduction of dividends have been made in accordance with the Board of Directors' proposal to the Annual General Meeting.

² Deduction according to Commission Delegated Regulation (EU) 2020/2176.

³ Deduction according to Regulation (EU) No 2019/630.

ASSURANCE BY THE BOARD OF DIRECTORS AND THE CEO

The interim report has not been reviewed by the company's auditor.

The Board of Directors and the CEO certify that the interim report gives a true and fair overview of the development of the operations, financial position and result of the parent company and the Group and describes the material risks and uncertainties that the parent company and the Group faces.

Borås, 18 January 2024

John Brehmer
Chairman

Niklas Johansson

Michael Lindengren

Sara Mindus

Fredrik Oweson

Arti Zeighami

Joakim Jansson
President and CEO

DEFINITIONS

TF Bank uses Alternative Performance Measures that are not defined in the applicable financial reporting framework (IFRS). The Alternative Performance Measures are used to increase understanding of the Bank's financial performance among readers of the financial statements. Alternative Performance Measures may be calculated in different ways and do not need to be comparable with similar key ratios used by other companies. TF Bank definitions of the Alternative Performance Measures are shown below.

CET1 CAPITAL RATIO

CET1 capital as a percentage of total risk exposure amount.

COST/INCOME (C/I) RATIO

Operating expenses divided by operating income.

EARNINGS PER SHARE

Net profit for the period attributable to the shareholders of the Parent company divided by the average number of outstanding shares.

EMPLOYEES (FTE)

Average number of full-time employees, including employees on parental leave.

NET LOAN LOSS RATIO

Net loan losses for the period divided by average loans to the public.

NEW LENDING

New loans (the cash flow) in the period, the amounts have been reduced by returns.

NUMBER OF ACTIVE CREDIT CARDS

All issued cards at the last day of the period with balance above 0 or transaction in last twelve months prior to reporting date.

OPERATING INCOME MARGIN

Total operating income for the period divided by average loans to the public.

RETURN ON EQUITY

Net profit for the period attributable to the shareholders of the Parent company as a percentage of equity attributable to the shareholders of the Parent company.

RETURN ON LOANS TO THE PUBLIC

Net profit for the period attributable to the shareholders of the Parent company divided by average loans to the public. For the segments, net profit is calculated using a standard deduction for interest on Tier 1 capital instruments and a standard tax rate.

TIER 1 CAPITAL RATIO

Tier 1 capital, i.e. CET1 capital and Additional Tier 1 capital, as a percentage of total risk exposure amount.

TOTAL CAPITAL RATIO

Own funds as a percentage of the total risk exposure amount.

TRANSACTION VOLUME

The sum of all purchases that go through TF Bank's payment solutions.

FINANCIAL CALENDAR

| | |
|-----------------|---------------------------------------|
| 15 March 2024 | Annual report 2023 is published |
| 16 April 2024 | Interim report January-March 2024 |
| 2 May 2024 | Annual General Meeting 2024 |
| 12 July 2024 | Interim report January-June 2024 |
| 15 October 2024 | Interim report January-September 2024 |

This is information which TF Bank is required to disclose under the EU Market Abuse Regulation. The information was provided for publication 19 January 2024 at 07:00 CET.

CONTACTS

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TF Bank AB (publ.)
Box 947, 501 10 Borås

www.tfbankgroup.com

RECONCILIATION TABLES

KEY FIGURES ¹

| SEK thousand | Oct-Dec 2023 | Oct-Dec 2022 | Jan-Dec 2023 | Jan-Dec 2022 |
|---|--------------|--------------|--------------|--------------|
| Income statement | | | | |
| Earnings per share, SEK | 4.66 | 3.96 | 1753 | 15.26 |
| Net profit for the period attributable to the shareholder's of the Parent Company | 100,164 | 85,222 | 376,853 | 328,099 |
| Average number of outstanding shares, thousands | 21,500 | 21,500 | 21,500 | 21,500 |
| Key figures ² | | | | |
| Operating income margin, % | 12.4 | 11.2 | 12.3 | 11.1 |
| Total operating income, annualised | 2,181,716 | 1,586,904 | 1,998,121 | 1,412,324 |
| Average loans to the public | 17,637,556 | 14,126,224 | 16,262,503 | 12,763,329 |
| Net loan loss ratio, % | 4.2 | 3.3 | 4.0 | 2.9 |
| Net loan losses, annualised | 744,772 | 462,844 | 656,851 | 367,569 |
| Average loans to the public | 17,637,556 | 14,126,224 | 16,262,503 | 12,763,329 |
| Cost/Income ratio, % | 40.4 | 42.0 | 41.6 | 43.1 |
| Total operating expenses | 220,587 | 166,778 | 831,671 | 609,026 |
| Total operating income | 545,429 | 396,726 | 1,998,121 | 1,412,324 |
| Return on equity, % | 21.5 | 22.8 | 21.9 | 23.7 |
| Net profit for the period attributable to the shareholder's of the Parent Company, annualised | 400,656 | 340,888 | 376,853 | 328,099 |
| Average equity attributable to the shareholder's of the Parent Company | 1,861,163 | 1,496,091 | 1,724,758 | 1,385,668 |
| Return on loans to the public, % | 2.3 | 2.4 | 2.3 | 2.6 |
| Net profit for the period attributable to the shareholder's of the Parent Company, annualised | 400,656 | 340,888 | 376,853 | 328,099 |
| Average loans to the public | 17,637,556 | 14,126,224 | 16,262,503 | 12,763,329 |

¹ The annualised figure has been calculated by multiplying the quarterly figure by four. The average has been calculated as opening balans plus closing balance, divided by two.

² Calculation of capital ratios is shown in Note 9.

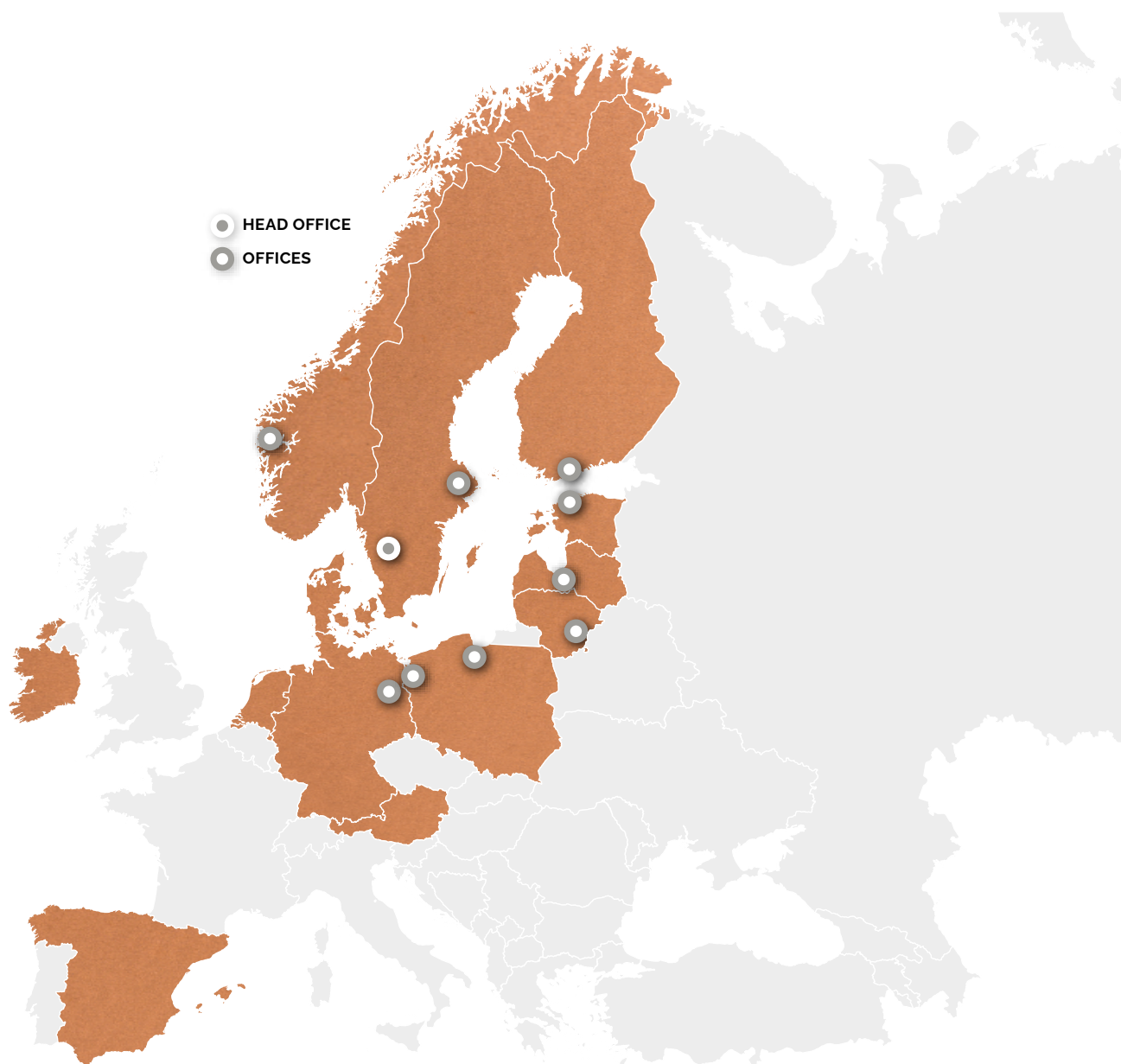
REGULATORY KEY METRICS

TEMPLATE "EU KM1 – KEY METRICS TEMPLATE" IS DISCLOSED BELOW AS PER THE TECHNICAL STANDARDS IN THE COMMISSION IMPLEMENTING REGULATION 2021/637.¹

| SEK thousand | | 31 Dec 2023 | 31 Dec 2022 |
|--|---|-------------|-------------|
| Available own funds | | | |
| 1 | Common Equity Tier 1 capital (CET1) | 1,817,029 | 1,522,686 |
| 2 | Tier 1 capital | 2,067,029 | 1,722,686 |
| 3 | Total capital | 2,413,938 | 1,921,346 |
| Risk-weighted exposure amount | | | |
| 4 | Total risk exposure amount | 15,143,851 | 12,349,623 |
| Capital ratios (% of risk-weighted exposure amount) | | | |
| 5 | Common Equity Tier 1 ratio, % | 12.0 | 12.3 |
| 6 | Tier 1 ratio, % | 13.6 | 13.9 |
| 7 | Total capital ratio, % | 15.9 | 15.6 |
| Additional own funds requirements to address risks other than the risk of excessive leverage (% of risk-weighted exposure amount) | | | |
| EU 7a | Additional own funds requirements to address risks other than the risk of excessive leverage, % | 1.1 | 1.3 |
| EU 7b | - of which, to be made up of CET1 capital, % | 0.6 | 0.7 |
| EU 7c | - of which, to be made up of Tier 1 capital, % | 0.8 | 1.0 |
| EU 7d | Total SREP own funds requirements, % | 9.1 | 9.3 |
| Combined buffer and overall capital requirement (% of risk-weighted exposure amount) | | | |
| 8 | Capital conservation buffer, % | 2.5 | 2.5 |
| EU 8a | Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State, % | N/A | N/A |
| 9 | Institution specific countercyclical capital buffer, % | 1.2 | 0.8 |
| EU 9a | Systemic risk buffer, % | N/A | N/A |
| 10 | Global Systemically Important Institution buffer, % | N/A | N/A |
| EU 10a | Other Systemically Important Institution buffer, % | N/A | N/A |
| 11 | Combined buffer requirement, % | 3.7 | 3.3 |
| EU 11a | Overall capital requirements, % | 12.7 | 12.6 |
| 12 | CET1 available after meeting the total SREP own funds requirements, % | 6.8 | 7.1 |
| Leverage ratio | | | |
| 13 | Total exposure measure | 24,571,558 | 19,013,626 |
| 14 | Leverage ratio, % | 8.4 | 9.1 |
| Additional own funds requirements to address risks of excessive leverage (% of leverage ratio total exposure amount) | | | |
| EU 14a | Additional own funds requirements to address the risk of excessive leverage, % | N/A | N/A |
| EU 14b | - of which, to be made up of CET1 capital, % | N/A | N/A |
| EU 14c | Total SREP leverage ratio requirements, % | 3.0 | 3.0 |
| Leverage ratio buffer and overall leverage ratio requirement (% of total exposure measure) | | | |
| EU 14d | Total SREP leverage ratio requirements, % | N/A | N/A |
| EU 14e | Overall leverage ratio requirements, % | 3.0 | 3.0 |
| Liquidity Coverage Ratio | | | |
| 15 | Total high-quality liquid assets (Weighted value – average) | 3,641,665 | 1,842,575 |
| EU 16a | Cash outflows – Total weighted value | 2,070,091 | 1,272,157 |
| EU 16b | Cash inflows – Total weighted value | 1,042,366 | 637,160 |
| 16 | Total net cash outflows (adjusted value) | 1,027,725 | 634,997 |
| 17 | Liquidity coverage ratio, % | 354 | 290 |
| Net Stable Funding Ratio | | | |
| 18 | Total available stable funding | 18,626,082 | 16,567,159 |
| 19 | Total required stable funding | 14,553,355 | 11,984,167 |
| 20 | Net Stable Funding ratio, % | 128 | 138 |

¹ Comparative figures for 2022 refers to the parent company TF Bank AB since the consolidated situation occurred in the fourth quarter of 2023.

TF BANK'S GEOGRAPHICAL PRESENCE



SHARE OF LOAN PORTFOLIO BY QUARTER

